

104TH CONGRESS
2D SESSION

H. R. 1720

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24 (legislative day, SEPTEMBER 20), 1996

Received

AN ACT

To reorganize the Student Loan Marketing Association, to privatize the College Construction Loan Insurance Association, to amend the Museum Services Act to include provisions improving and consolidating Federal library service programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Government-Sponsored Enterprise Privatization Act of
4 1996”.

5 (b) TABLE OF CONTENTS.—The table of contents of
6 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—REORGANIZATION AND PRIVATIZATION

Sec. 101. Reorganization of the Student Loan Marketing Association through
the formation of a holding company.

Sec. 102. Connie Lee privatization.

Sec. 103. Eligible institution.

TITLE II—MUSEUMS AND LIBRARIES

Sec. 201. Museum and library services.

Sec. 202. National Commission on Libraries and Information Science.

Sec. 203. Transfer of functions from Institute of Museum Services.

Sec. 204. Service of individuals serving on date of enactment.

Sec. 205. Consideration.

Sec. 206. Transition and transfer of funds.

TITLE III—EXTENSION OF PROGRAMS

Sec. 301. Extension of National Literacy Act of 1991.

Sec. 302. Adult Education Act Amendments.

Sec. 303. Extension of Carl D. Perkins Vocational and Applied Technology
Education Act.

TITLE IV—REPEALS AND CONFORMING AMENDMENTS

Sec. 401. Repeals.

Sec. 402. Conforming amendments.

7 **TITLE I—REORGANIZATION AND**
8 **PRIVATIZATION**

9 **SEC. 101. REORGANIZATION OF THE STUDENT LOAN MAR-**
10 **KETING ASSOCIATION THROUGH THE FOR-**
11 **MATION OF A HOLDING COMPANY.**

12 (a) AMENDMENT.—Part B of title IV of the Higher
13 Education Act of 1965 (20 U.S.C. 1071 et seq.) is amend-

1 ed by inserting after section 439 (20 U.S.C. 1087–2) the
2 following new section:

3 **“SEC. 440. REORGANIZATION OF THE STUDENT LOAN MAR-**
4 **KETING ASSOCIATION THROUGH THE FOR-**
5 **MATION OF A HOLDING COMPANY.**

6 “(a) ACTIONS BY THE ASSOCIATION’S BOARD OF DI-
7 RECTORS.—The Board of Directors of the Association
8 shall take or cause to be taken all such action as the Board
9 of Directors deems necessary or appropriate to effect,
10 upon the shareholder approval described in subsection (b),
11 a restructuring of the common stock ownership of the As-
12 sociation, as set forth in a plan of reorganization adopted
13 by the Board of Directors (the terms of which shall be
14 consistent with this section) so that all of the outstanding
15 common shares of the Association shall be directly owned
16 by a Holding Company. Such actions may include, in the
17 Board of Director’s discretion, a merger of a wholly owned
18 subsidiary of the Holding Company with and into the As-
19 sociation, which would have the effect provided in the plan
20 of reorganization and the law of the jurisdiction in which
21 such subsidiary is incorporated. As part of the restructur-
22 ing, the Board of Directors may cause—

23 “(1) the common shares of the Association to
24 be converted, on the reorganization effective date, to
25 common shares of the Holding Company on a one

1 for one basis, consistent with applicable State or
2 District of Columbia law; and

3 “(2) Holding Company common shares to be
4 registered with the Securities and Exchange Com-
5 mission.

6 “(b) SHAREHOLDER APPROVAL.—The plan of reor-
7 ganization adopted by the Board of Directors pursuant to
8 subsection (a) shall be submitted to common shareholders
9 of the Association for their approval. The reorganization
10 shall occur on the reorganization effective date, provided
11 that the plan of reorganization has been approved by the
12 affirmative votes, cast in person or by proxy, of the holders
13 of a majority of the issued and outstanding shares of the
14 Association common stock.

15 “(c) TRANSITION.—In the event the shareholders of
16 the Association approve the plan of reorganization under
17 subsection (b), the following provisions shall apply begin-
18 ning on the reorganization effective date:

19 “(1) IN GENERAL.—Except as specifically pro-
20 vided in this section, until the dissolution date the
21 Association shall continue to have all of the rights,
22 privileges and obligations set forth in, and shall be
23 subject to all of the limitations and restrictions of,
24 section 439, and the Association shall continue to
25 carry out the purposes of such section. The Holding

1 Company and any subsidiary of the Holding Com-
2 pany (other than the Association) shall not be enti-
3 tled to any of the rights, privileges, and obligations,
4 and shall not be subject to the limitations and re-
5 strictions, applicable to the Association under section
6 439, except as specifically provided in this section.
7 The Holding Company and any subsidiary of the
8 Holding Company (other than the Association or a
9 subsidiary of the Association) shall not purchase
10 loans insured under this Act until such time as the
11 Association ceases acquiring such loans, except that
12 the Holding Company may purchase such loans if
13 the Association is merely continuing to acquire loans
14 as a lender of last resort pursuant to section 439(q)
15 or under an agreement with the Secretary described
16 in paragraph (6).

17 “(2) TRANSFER OF CERTAIN PROPERTY.—

18 “(A) IN GENERAL.—Except as provided in
19 this section, on the reorganization effective date
20 or as soon as practicable thereafter, the Asso-
21 ciation shall use the Association’s best efforts to
22 transfer to the Holding Company or any sub-
23 sidiary of the Holding Company (or both), as
24 directed by the Holding Company, all real and
25 personal property of the Association (both tan-

gible and intangible) other than the remaining property. Subject to the preceding sentence, such transferred property shall include all right, title, and interest in—

“(i) direct or indirect subsidiaries of the Association (excluding special purpose funding companies in existence on the date of enactment of this section and any interest in any government-sponsored enterprise);

“(ii) contracts, leases, and other agreements of the Association;

“(iii) licenses and other intellectual property of the Association; and

“(iv) any other property of the Association.

“(B) CONSTRUCTION.—Nothing in this paragraph shall be construed to prohibit the Association from transferring remaining property from time to time to the Holding Company or any subsidiary of the Holding Company, subject to the provisions of paragraph (4).

“(3) TRANSFER OF PERSONNEL.—On the reorganization effective date, employees of the Association shall become employees of the Holding Com-

pany (or any subsidiary of the Holding Company), and the Holding Company (or any subsidiary of the Holding Company) shall provide all necessary and appropriate management and operational support (including loan servicing) to the Association, as requested by the Association. The Association, however, may obtain such management and operational support from persons or entities not associated with the Holding Company.

“(4) DIVIDENDS.—The Association may pay dividends in the form of cash or noncash distributions so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of such declaration by the Board of Directors of the Association, the Association’s capital would be in compliance with the capital standards and requirements set forth in section 439(r). If, at any time after the reorganization effective date, the Association fails to comply with such capital standards, the Holding Company shall transfer with due diligence to the Association additional capital in such amounts as are necessary to ensure that the Association again complies with the capital standards.

1 “(5) CERTIFICATION PRIOR TO DIVIDEND.—

2 Prior to the payment of any dividend under para-
3 graph (4), the Association shall certify to the Sec-
4 retary of the Treasury that the payment of the divi-
5 dend will be made in compliance with paragraph (4)
6 and shall provide copies of all calculations needed to
7 make such certification.

8 “(6) RESTRICTIONS ON NEW BUSINESS ACTIV-
9 ITY OR ACQUISITION OF ASSETS BY ASSOCIATION.—

10 “(A) IN GENERAL.—After the reorganiza-
11 tion effective date, the Association shall not en-
12 gage in any new business activities or acquire
13 any additional program assets described in sec-
14 tion 439(d) other than in connection with—

15 “(i) student loan purchases through
16 September 30, 2007;

17 “(ii) contractual commitments for fu-
18 ture warehousing advances, or pursuant to
19 letters of credit or standby bond purchase
20 agreements, which are outstanding as of
21 the reorganization effective date;

22 “(iii) the Association serving as a
23 lender-of-last-resort pursuant to section
24 439(q); and

1 “(iv) the Association’s purchase of
2 loans insured under this part, if the Sec-
3 retary, with the approval of the Secretary
4 of the Treasury, enters into an agreement
5 with the Association for the continuation
6 or resumption of the Association’s second-
7 ary market purchase program because the
8 Secretary determines there is inadequate
9 liquidity for loans made under this part.

10 “(B) AGREEMENT.—The Secretary is au-
11 thorized to enter into an agreement described in
12 clause (iv) of subparagraph (A) with the Asso-
13 ciation covering such secondary market activi-
14 ties. Any agreement entered into under such
15 clause shall cover a period of 12 months, but
16 may be renewed if the Secretary determines
17 that liquidity remains inadequate. The fee pro-
18 vided under section 439(h)(7) shall not apply to
19 loans acquired under any such agreement with
20 the Secretary.

21 “(7) ISSUANCE OF DEBT OBLIGATIONS DURING
22 THE TRANSITION PERIOD; ATTRIBUTES OF DEBT OB-
23 LIGATIONS.—After the reorganization effective date,
24 the Association shall not issue debt obligations which
25 mature later than September 30, 2008, except in

1 connection with serving as a lender-of-last-resort
2 pursuant to section 439(q) or with purchasing loans
3 under an agreement with the Secretary as described
4 in paragraph (6). Nothing in this section shall mod-
5 ify the attributes accorded the debt obligations of
6 the Association by section 439, regardless of whether
7 such debt obligations are incurred prior to, or at any
8 time following, the reorganization effective date or
9 are transferred to a trust in accordance with sub-
10 section (d).

11 “(8) MONITORING OF SAFETY AND SOUND-
12 NESS.—

13 “(A) OBLIGATION TO OBTAIN, MAINTAIN,
14 AND REPORT INFORMATION.—The Association
15 shall obtain such information and make and
16 keep such records as the Secretary of the
17 Treasury may from time to time prescribe con-
18 cerning—

19 “(i) the financial risk to the Associa-
20 tion resulting from the activities of any as-
21 sociated person, to the extent such activi-
22 ties are reasonably likely to have a mate-
23 rial impact on the financial condition of
24 the Association, including the Association’s
25 capital ratio, the Association’s liquidity, or

1 the Association's ability to conduct and fi-
2 nance the Association's operations; and

3 “(ii) the Association's policies, proce-
4 dures, and systems for monitoring and
5 controlling any such financial risk.

6 “(B) SUMMARY REPORTS.—The Secretary
7 of the Treasury may require summary reports
8 of the information described in subparagraph
9 (A) to be filed no more frequently than quar-
10 terly. If, as a result of adverse market condi-
11 tions or based on reports provided pursuant to
12 this subparagraph or other available informa-
13 tion, the Secretary of the Treasury has con-
14 cerns regarding the financial or operational con-
15 dition of the Association, the Secretary of the
16 Treasury may, notwithstanding the preceding
17 sentence and subparagraph (A), require the As-
18 sociation to make reports concerning the activi-
19 ties of any associated person whose business ac-
20 tivities are reasonably likely to have a material
21 impact on the financial or operational condition
22 of the Association.

23 “(C) SEPARATE OPERATION OF CORPORA-
24 TIONS.—

1 “(i) IN GENERAL.—The funds and as-
2 sets of the Association shall at all times be
3 maintained separately from the funds and
4 assets of the Holding Company or any sub-
5 sidiary of the Holding Company and may
6 be used by the Association solely to carry
7 out the Association’s purposes and to fulfill
8 the Association’s obligations.

9 “(ii) BOOKS AND RECORDS.—The As-
10 sociation shall maintain books and records
11 that clearly reflect the assets and liabilities
12 of the Association, separate from the as-
13 sets and liabilities of the Holding Company
14 or any subsidiary of the Holding Company.

15 “(iii) CORPORATE OFFICE.—The As-
16 sociation shall maintain a corporate office
17 that is physically separate from any office
18 of the Holding Company or any subsidiary
19 of the Holding Company.

20 “(iv) DIRECTOR.—No director of the
21 Association who is appointed by the Presi-
22 dent pursuant to section 439(c)(1)(A) may
23 serve as a director of the Holding Com-
24 pany.

1 “(v) ONE OFFICER REQUIREMENT.—

2 At least one officer of the Association shall
3 be an officer solely of the Association.

4 “(vi) TRANSACTIONS.—Transactions
5 between the Association and the Holding
6 Company or any subsidiary of the Holding
7 Company, including any loan servicing ar-
8 rangements, shall be on terms no less fa-
9 vorable to the Association than the Asso-
10 ciation could obtain from an unrelated
11 third party offering comparable services.

12 “(vii) CREDIT PROHIBITION.—The
13 Association shall not extend credit to the
14 Holding Company or any subsidiary of the
15 Holding Company nor guarantee or pro-
16 vide any credit enhancement to any debt
17 obligations of the Holding Company or any
18 subsidiary of the Holding Company.

19 “(viii) AMOUNTS COLLECTED.—Any
20 amounts collected on behalf of the Associa-
21 tion by the Holding Company or any sub-
22 sidiary of the Holding Company with re-
23 spect to the assets of the Association, pur-
24 suant to a servicing contract or other ar-
25 rangement between the Association and the

1 Holding Company or any subsidiary of the
2 Holding Company, shall be collected solely
3 for the benefit of the Association and shall
4 be immediately deposited by the Holding
5 Company or such subsidiary to an account
6 under the sole control of the Association.

7 “(D) ENCUMBRANCE OF ASSETS.—Not-
8 withstanding any Federal or State law, rule, or
9 regulation, or legal or equitable principle, doc-
10 trine, or theory to the contrary, under no cir-
11 cumstances shall the assets of the Association
12 be available or used to pay claims or debts of
13 or incurred by the Holding Company. Nothing
14 in this subparagraph shall be construed to limit
15 the right of the Association to pay dividends
16 not otherwise prohibited under this subpara-
17 graph or to limit any liability of the Holding
18 Company explicitly provided for in this section.

19 “(E) HOLDING COMPANY ACTIVITIES.—
20 After the reorganization effective date and prior
21 to the dissolution date, all business activities of
22 the Holding Company shall be conducted
23 through subsidiaries of the Holding Company.

24 “(F) CONFIDENTIALITY.—Any information
25 provided by the Association pursuant to this

1 section shall be subject to the same confiden-
2 tiality obligations contained in section
3 439(r)(12).

4 “(G) DEFINITION.—For purposes of this
5 paragraph, the term ‘associated person’ means
6 any person, other than a natural person, who is
7 directly or indirectly controlling, controlled by,
8 or under common control with, the Association.

9 “(9) ISSUANCE OF STOCK WARRANTS.—On the
10 reorganization effective date, the Holding Company
11 shall issue to the Secretary of the Treasury a num-
12 ber of stock warrants that is equal to one percent
13 of the outstanding shares of the Association, deter-
14 mined as of the last day of the fiscal quarter preced-
15 ing the date of enactment of this section, with each
16 stock warrant entitling the holder of the stock war-
17 rant to purchase from the Holding Company one
18 share of the registered common stock of the Holding
19 Company or the Holding Company’s successors or
20 assigns, at any time on or before September 30,
21 2008. The exercise price for such warrants shall be
22 an amount equal to the average closing price of the
23 common stock of the Association for the 20 business
24 days prior to the date of enactment of this section
25 on the exchange or market which is then the pri-

1 mary exchange or market for the common stock of
2 the Association. The number of shares of Holding
3 Company common stock subject to each warrant and
4 the exercise price of each warrant shall be adjusted
5 as necessary to reflect—

6 “(A) the conversion of Association common
7 stock into Holding Company common stock as
8 part of the plan of reorganization approved by
9 the Association’s shareholders; and

10 “(B) any issuance or sale of stock (includ-
11 ing issuance or sale of treasury stock), stock
12 split, recapitalization, reorganization, or other
13 corporate event, if agreed to by the Secretary of
14 the Treasury and the Association.

15 “(10) RESTRICTIONS ON TRANSFER OF ASSO-
16 CIATION SHARES AND BANKRUPTCY OF ASSOCIA-
17 TION.—After the reorganization effective date, the
18 Holding Company shall not sell, pledge, or otherwise
19 transfer the outstanding shares of the Association,
20 or agree to or cause the liquidation of the Associa-
21 tion or cause the Association to file a petition for
22 bankruptcy under title 11, United States Code, with-
23 out prior approval of the Secretary of the Treasury
24 and the Secretary of Education.

1 “(d) TERMINATION OF THE ASSOCIATION.—In the
2 event the shareholders of the Association approve a plan
3 of reorganization under subsection (b), the Association
4 shall dissolve, and the Association’s separate existence
5 shall terminate on September 30, 2008, after discharge
6 of all outstanding debt obligations and liquidation pursu-
7 ant to this subsection. The Association may dissolve pur-
8 suant to this subsection prior to such date by notifying
9 the Secretary of Education and the Secretary of the
10 Treasury of the Association’s intention to dissolve, unless
11 within 60 days after receipt of such notice the Secretary
12 of Education notifies the Association that the Association
13 continues to be needed to serve as a lender of last resort
14 pursuant to section 439(q) or continues to be needed to
15 purchase loans under an agreement with the Secretary de-
16 scribed in paragraph (6). On the dissolution date, the As-
17 sociation shall take the following actions:

18 “(1) ESTABLISHMENT OF A TRUST.—The Asso-
19 ciation shall, under the terms of an irrevocable trust
20 agreement that is in form and substance satisfactory
21 to the Secretary of the Treasury, the Association
22 and the appointed trustee, irrevocably transfer all
23 remaining obligations of the Association to the trust
24 and irrevocably deposit or cause to be deposited into
25 such trust, to be held as trust funds solely for the

1 benefit of holders of the remaining obligations,
2 money or direct noncallable obligations of the United
3 States or any agency thereof for which payment the
4 full faith and credit of the United States is pledged,
5 maturing as to principal and interest in such
6 amounts and at such times as are determined by the
7 Secretary of the Treasury to be sufficient, without
8 consideration of any significant reinvestment of such
9 interest, to pay the principal of, and interest on, the
10 remaining obligations in accordance with their
11 terms. To the extent the Association cannot provide
12 money or qualifying obligations in the amount re-
13 quired, the Holding Company shall be required to
14 transfer money or qualifying obligations to the trust
15 in the amount necessary to prevent any deficiency.

16 “(2) USE OF TRUST ASSETS.—All money, obli-
17 gations, or financial assets deposited into the trust
18 pursuant to this subsection shall be applied by the
19 trustee to the payment of the remaining obligations
20 assumed by the trust.

21 “(3) OBLIGATIONS NOT TRANSFERRED TO THE
22 TRUST.—The Association shall make proper provi-
23 sion for all other obligations of the Association not
24 transferred to the trust, including the repurchase or
25 redemption, or the making of proper provision for

1 the repurchase or redemption, of any preferred stock
2 of the Association outstanding. Any obligations of
3 the Association which cannot be fully satisfied shall
4 become liabilities of the Holding Company as of the
5 date of dissolution.

6 “(4) TRANSFER OF REMAINING ASSETS.—After
7 compliance with paragraphs (1) and (3), any re-
8 maining assets of the trust shall be transferred to
9 the Holding Company or any subsidiary of the Hold-
10 ing Company, as directed by the Holding Company.

11 “(e) OPERATION OF THE HOLDING COMPANY.—In
12 the event the shareholders of the Association approve the
13 plan of reorganization under subsection (b), the following
14 provisions shall apply beginning on the reorganization ef-
15 fective date:

16 “(1) HOLDING COMPANY BOARD OF DIREC-
17 TORS.—The number of members and composition of
18 the Board of Directors of the Holding Company
19 shall be determined as set forth in the Holding Com-
20 pany’s charter or like instrument (as amended from
21 time to time) or bylaws (as amended from time to
22 time) and as permitted under the laws of the juris-
23 diction of the Holding Company’s incorporation.

1 “(2) HOLDING COMPANY NAME.—The names of
2 the Holding Company and any subsidiary of the
3 Holding Company (other than the Association)—

4 “(A) may not contain the name ‘Student
5 Loan Marketing Association’; and

6 “(B) may contain, to the extent permitted
7 by applicable State or District of Columbia law,
8 ‘Sallie Mae’ or variations thereof, or such other
9 names as the Board of Directors of the Associa-
10 tion or the Holding Company deems appro-
11 priate.

12 “(3) USE OF SALLIE MAE NAME.—Subject to
13 paragraph (2), the Association may assign to the
14 Holding Company, or any subsidiary of the Holding
15 Company, the ‘Sallie Mae’ name as a trademark and
16 service mark, except that neither the Holding Com-
17 pany nor any subsidiary of the Holding Company
18 (other than the Association or any subsidiary of the
19 Association) may use the ‘Sallie Mae’ name on, or
20 to identify the issuer of, any debt obligation or other
21 security offered or sold by the Holding Company or
22 any subsidiary of the Holding Company (other than
23 a debt obligation or other security issued to and held
24 by the Holding Company or any subsidiary of the
25 Holding Company). The Association shall remit to

1 the Secretary of the Treasury \$5,000,000 within 60
2 days of the reorganization effective date as com-
3 pensation for the right to assign such trademark or
4 service mark.

5 “(4) DISCLOSURE REQUIRED.—Until 3 years
6 after the dissolution date, the Holding Company,
7 and any subsidiary of the Holding Company (other
8 than the Association), shall prominently display—

9 “(A) in any document offering the Holding
10 Company’s securities, a statement that the obli-
11 gations of the Holding Company and any sub-
12 sidiary of the Holding Company are not guar-
13 anteed by the full faith and credit of the United
14 States; and

15 “(B) in any advertisement or promotional
16 materials which use the ‘Sallie Mae’ name or
17 mark, a statement that neither the Holding
18 Company nor any subsidiary of the Holding
19 Company is a government-sponsored enterprise
20 or instrumentality of the United States.

21 “(f) STRICT CONSTRUCTION.—Except as specifically
22 set forth in this section, nothing in this section shall be
23 construed to limit the authority of the Association as a
24 federally chartered corporation, or of the Holding Com-

1 pany as a State or District of Columbia chartered corpora-
2 tion.

3 “(g) RIGHT TO ENFORCE.—The Secretary of Edu-
4 cation or the Secretary of the Treasury, as appropriate,
5 may request that the Attorney General bring an action
6 in the United States District Court for the District of Co-
7 lumbia for the enforcement of any provision of this sec-
8 tion, or may, under the direction or control of the Attorney
9 General, bring such an action. Such court shall have juris-
10 diction and power to order and require compliance with
11 this section.

12 “(h) DEADLINE FOR REORGANIZATION EFFECTIVE
13 DATE.—This section shall be of no further force and effect
14 in the event that the reorganization effective date does not
15 occur on or before 18 months after the date of enactment
16 of this section.

17 “(i) DEFINITIONS.—For purposes of this section:

18 “(1) ASSOCIATION.—The term ‘Association’
19 means the Student Loan Marketing Association.

20 “(2) DISSOLUTION DATE.—The term ‘dissolu-
21 tion date’ means September 30, 2008, or such ear-
22 lier date as the Secretary of Education permits the
23 transfer of remaining obligations in accordance with
24 subsection (d).

1 “(3) HOLDING COMPANY.—The term ‘Holding
2 Company’ means the new business corporation es-
3 tablished pursuant to this section by the Association
4 under the laws of any State of the United States or
5 the District of Columbia for the purposes of the re-
6 organization and restructuring described in sub-
7 section (a).

8 “(4) REMAINING OBLIGATIONS.—The term ‘re-
9 maining obligations’ means the debt obligations of
10 the Association outstanding as of the dissolution
11 date.

12 “(5) REMAINING PROPERTY.—The term ‘re-
13 maining property’ means the following assets and li-
14 abilities of the Association which are outstanding as
15 of the reorganization effective date:

16 “(A) Debt obligations issued by the Asso-
17 ciation.

18 “(B) Contracts relating to interest rate,
19 currency, or commodity positions or protections.

20 “(C) Investment securities owned by the
21 Association.

22 “(D) Any instruments, assets, or agree-
23 ments described in section 439(d) (including,
24 without limitation, all student loans and agree-
25 ments relating to the purchase and sale of stu-

1 dent loans, forward purchase and lending com-
2 mitments, warehousing advances, academic fa-
3 cilities obligations, letters of credit, standby
4 bond purchase agreements, liquidity agree-
5 ments, and student loan revenue bonds or other
6 loans).

7 “(E) Except as specifically prohibited by
8 this section or section 439, any other nonmate-
9 rial assets or liabilities of the Association which
10 the Association’s Board of Directors determines
11 to be necessary or appropriate to the Associa-
12 tion’s operations.

13 “(6) REORGANIZATION.—The term ‘reorganiza-
14 tion’ means the restructuring event or events (in-
15 cluding any merger event) giving effect to the Hold-
16 ing Company structure described in subsection (a).

17 “(7) REORGANIZATION EFFECTIVE DATE.—The
18 term ‘reorganization effective date’ means the effec-
19 tive date of the reorganization as determined by the
20 Board of Directors of the Association, which shall
21 not be earlier than the date that shareholder ap-
22 proval is obtained pursuant to subsection (b) and
23 shall not be later than the date that is 18 months
24 after the date of enactment of this section.

1 “(8) SUBSIDIARY.—The term ‘subsidiary’
2 means one or more direct or indirect subsidiaries.”.

3 (b) TECHNICAL AMENDMENTS.—

4 (1) ELIGIBLE LENDER.—

5 (A) AMENDMENTS TO THE HIGHER EDU-
6 CATION ACT.—

7 (i) DEFINITION OF ELIGIBLE LEND-
8 ER.—Section 435(d)(1)(F) of the Higher
9 Education Act of 1965 (20 U.S.C.
10 1085(d)(1)(F)) is amended by inserting
11 after “Student Loan Marketing Associa-
12 tion” the following: “or the Holding Com-
13 pany of the Student Loan Marketing Asso-
14 ciation, including any subsidiary of the
15 Holding Company, created pursuant to
16 section 440,”.

17 (ii) DEFINITION OF ELIGIBLE LEND-
18 ER AND FEDERAL CONSOLIDATION
19 LOANS.—Sections 435(d)(1)(G) and
20 428C(a)(1)(A) of such Act (20 U.S.C.
21 1085(d)(1)(G) and 1078–3(a)(1)(A)) are
22 each amended by inserting after “Student
23 Loan Marketing Association” the follow-
24 ing: “or the Holding Company of the Stu-
25 dent Loan Marketing Association, includ-

1 ing any subsidiary of the Holding Com-
2 pany, created pursuant to section 440”.

3 (B) EFFECTIVE DATE.—The amendments
4 made by this paragraph shall take effect on the
5 reorganization effective date as defined in sec-
6 tion 440(h) of the Higher Education Act of
7 1965 (as added by subsection (a)).

8 (2) ENFORCEMENT OF SAFETY AND SOUND-
9 NESS REQUIREMENTS.—Section 439(r) of the High-
10 er Education Act of 1965 (20 U.S.C. 1087–2(r)) is
11 amended—

12 (A) in the first sentence of paragraph (12),
13 by inserting “or the Association’s associated
14 persons” after “by the Association”;

15 (B) by redesignating paragraph (13) as
16 paragraph (15); and

17 (C) by inserting after paragraph (12) the
18 following new paragraph:

19 “(13) ENFORCEMENT OF SAFETY AND SOUND-
20 NESS REQUIREMENTS.—The Secretary of Education
21 or the Secretary of the Treasury, as appropriate,
22 may request that the Attorney General bring an ac-
23 tion in the United States District Court for the Dis-
24 trict of Columbia for the enforcement of any provi-
25 sion of this section, or may, under the direction or

1 control of the Attorney General, bring such an ac-
2 tion. Such court shall have jurisdiction and power to
3 order and require compliance with this section.”.

4 (3) FINANCIAL SAFETY AND SOUNDNESS.—Sec-
5 tion 439(r) of the Higher Education Act of 1965
6 (20 U.S.C. 1087–2(r)) is further amended—

7 (A) in paragraph (1)—

8 (i) by striking “and” at the end of
9 subparagraph (A);

10 (ii) by striking the period at the end
11 of subparagraph (B) and inserting “;
12 and”; and

13 (iii) by adding at the end the follow-
14 ing new subparagraph:

15 “(C)(i) financial statements of the Associa-
16 tion within 45 days of the end of each fiscal
17 quarter; and

18 “(ii) reports setting forth the calculation of
19 the capital ratio of the Association within 45
20 days of the end of each fiscal quarter.”;

21 (B) in paragraph (2)—

22 (i) by striking clauses (i) and (ii) of
23 subparagraph (A) and inserting the follow-
24 ing:

1 “(i) appoint auditors or examiners to con-
2 duct audits of the Association from time to time
3 to determine the condition of the Association
4 for the purpose of assessing the Association’s fi-
5 nancial safety and soundness and to determine
6 whether the requirements of this section and
7 section 440 are being met; and

8 “(ii) obtain the services of such experts as
9 the Secretary of the Treasury determines nec-
10 essary and appropriate, as authorized by section
11 3109 of title 5, United States Code, to assist in
12 determining the condition of the Association for
13 the purpose of assessing the Association’s fi-
14 nancial safety and soundness, and to determine
15 whether the requirements of this section and
16 section 440 are being met.”; and

17 (ii) by adding at the end the following
18 new subparagraph:

19 “(D) ANNUAL ASSESSMENT.—

20 “(i) IN GENERAL.—For each fiscal year
21 beginning on or after October 1, 1996, the Sec-
22 retary of the Treasury may establish and collect
23 from the Association an assessment (or assess-
24 ments) in amounts sufficient to provide for rea-
25 sonable costs and expenses of carrying out the

1 duties of the Secretary of the Treasury under
2 this section and section 440 during such fiscal
3 year. In no event may the total amount so as-
4 sessed exceed, for any fiscal year, \$800,000, ad-
5 justed for each fiscal year ending after Septem-
6 ber 30, 1997, by the ratio of the Consumer
7 Price Index for All Urban Consumers (issued
8 by the Bureau of Labor Statistics) for the final
9 month of the fiscal year preceding the fiscal
10 year for which the assessment is made to the
11 Consumer Price Index for All Urban Consum-
12 ers for September 1997.

13 “(ii) DEPOSIT.—Amounts collected from
14 assessments under this subparagraph shall be
15 deposited in an account within the Treasury of
16 the United States as designated by the Sec-
17 retary of the Treasury for that purpose. The
18 Secretary of the Treasury is authorized and di-
19 rected to pay out of any funds available in such
20 account the reasonable costs and expenses of
21 carrying out the duties of the Secretary of the
22 Treasury under this section and section 440.
23 None of the funds deposited into such account
24 shall be available for any purpose other than

1 making payments for such costs and ex-
2 penses.”; and

3 (C) by inserting after paragraph (13) (as
4 added by paragraph (2)(C)) the following new
5 paragraph:

6 “(14) ACTIONS BY SECRETARY.—

7 “(A) IN GENERAL.—For any fiscal quarter
8 ending after January 1, 2000, the Association
9 shall have a capital ratio of at least 2.25 per-
10 cent. The Secretary of the Treasury may, when-
11 ever such capital ratio is not met, take any one
12 or more of the actions described in paragraph
13 (7), except that—

14 “(i) the capital ratio to be restored
15 pursuant to paragraph (7)(D) shall be
16 2.25 percent; and

17 “(ii) if the relevant capital ratio is in
18 excess of or equal to 2 percent for such
19 quarter, the Secretary of the Treasury
20 shall defer taking any of the actions set
21 forth in paragraph (7) until the next suc-
22 ceeding quarter and may then proceed with
23 any such action only if the capital ratio of
24 the Association remains below 2.25 per-
25 cent.

1 “(B) APPLICABILITY.—The provisions of
2 paragraphs (4), (5), (6), (8), (9), (10), and
3 (11) shall be of no further application to the
4 Association for any period after January 1,
5 2000.”.

6 (4) INFORMATION REQUIRED; DIVIDENDS.—
7 Section 439(r) of the Higher Education Act of 1965
8 (20 U.S.C. 1087–2(r)) is further amended—

9 (A) by adding at the end of paragraph (2)
10 (as amended in paragraph (3)(B)(ii)) the fol-
11 lowing new subparagraph:

12 “(E) OBLIGATION TO OBTAIN, MAINTAIN, AND
13 REPORT INFORMATION.—

14 “(i) IN GENERAL.—The Association shall
15 obtain such information and make and keep
16 such records as the Secretary of the Treasury
17 may from time to time prescribe concerning—

18 “(I) the financial risk to the Associa-
19 tion resulting from the activities of any as-
20 sociated person, to the extent such activi-
21 ties are reasonably likely to have a mate-
22 rial impact on the financial condition of
23 the Association, including the Association’s
24 capital ratio, the Association’s liquidity, or

1 the Association's ability to conduct and fi-
2 nance the Association's operations; and

3 “(II) the Association's policies, proce-
4 dures, and systems for monitoring and
5 controlling any such financial risk.

6 “(ii) SUMMARY REPORTS.—The Secretary
7 of the Treasury may require summary reports
8 of such information to be filed no more fre-
9 quently than quarterly. If, as a result of ad-
10 verse market conditions or based on reports
11 provided pursuant to this subparagraph or
12 other available information, the Secretary of the
13 Treasury has concerns regarding the financial
14 or operational condition of the Association, the
15 Secretary of the Treasury may, notwithstanding
16 the preceding sentence and clause (i), require
17 the Association to make reports concerning the
18 activities of any associated person, whose busi-
19 ness activities are reasonably likely to have a
20 material impact on the financial or operational
21 condition of the Association.

22 “(iii) DEFINITION.—For purposes of this
23 subparagraph, the term ‘associated person’
24 means any person, other than a natural person,
25 directly or indirectly controlling, controlled by,

1 or under common control with the Associa-
2 tion.”; and

3 (B) by adding at the end the following new
4 paragraphs:

5 “(16) DIVIDENDS.—The Association may pay
6 dividends in the form of cash or noncash distribu-
7 tions so long as at the time of the declaration of
8 such dividends, after giving effect to the payment of
9 such dividends as of the date of such declaration by
10 the Board of Directors of the Association, the Asso-
11 ciation’s capital would be in compliance with the
12 capital standards set forth in this section.

13 “(17) CERTIFICATION PRIOR TO PAYMENT OF
14 DIVIDEND.—Prior to the payment of any dividend
15 under paragraph (16), the Association shall certify
16 to the Secretary of the Treasury that the payment
17 of the dividend will be made in compliance with
18 paragraph (16) and shall provide copies of all cal-
19 culations needed to make such certification.”.

20 (c) SUNSET OF THE ASSOCIATION’S CHARTER IF NO
21 REORGANIZATION PLAN OCCURS.—Section 439 of the
22 Higher Education Act of 1965 (20 U.S.C. 1087–2) is
23 amended by adding at the end the following new sub-
24 section:

25 “(s) CHARTER SUNSET.—

1 “(1) APPLICATION OF PROVISIONS.—This sub-
2 section applies beginning 18 months and one day
3 after the date of enactment of this subsection if no
4 reorganization of the Association occurs in accord-
5 ance with the provisions of section 440.

6 “(2) SUNSET PLAN.—

7 “(A) PLAN SUBMISSION BY THE ASSOCIA-
8 TION.—Not later than July 1, 2007, the Asso-
9 ciation shall submit to the Secretary of the
10 Treasury and to the Chairman and Ranking
11 Member of the Committee on Labor and
12 Human Resources of the Senate and the Chair-
13 man and Ranking Member of the Committee on
14 Economic and Educational Opportunities of the
15 House of Representatives, a detailed plan for
16 the orderly winding up, by July 1, 2013, of
17 business activities conducted pursuant to the
18 charter set forth in this section. Such plan
19 shall—

20 “(i) ensure that the Association will
21 have adequate assets to transfer to a trust,
22 as provided in this subsection, to ensure
23 full payment of remaining obligations of
24 the Association in accordance with the
25 terms of such obligations;

1 “(ii) provide that all assets not used
2 to pay liabilities shall be distributed to
3 shareholders as provided in this subsection;
4 and

5 “(iii) provide that the operations of
6 the Association shall remain separate and
7 distinct from that of any entity to which
8 the assets of the Association are trans-
9 ferred.

10 “(B) AMENDMENT OF THE PLAN BY THE
11 ASSOCIATION.—The Association shall from time
12 to time amend such plan to reflect changed cir-
13 cumstances, and submit such amendments to
14 the Secretary of the Treasury and to the Chair-
15 man and Ranking Minority Member of the
16 Committee on Labor and Human Resources of
17 the Senate and Chairman and Ranking Minor-
18 ity Member of the Committee on Economic and
19 Educational Opportunities of the House of Rep-
20 resentatives. In no case may any amendment
21 extend the date for full implementation of the
22 plan beyond the dissolution date provided in
23 paragraph (3).

24 “(C) PLAN MONITORING.—The Secretary
25 of the Treasury shall monitor the Association’s

1 compliance with the plan and shall continue to
2 review the plan (including any amendments
3 thereto).

4 “(D) AMENDMENT OF THE PLAN BY THE
5 SECRETARY OF THE TREASURY.—The Secretary
6 of the Treasury may require the Association to
7 amend the plan (including any amendments to
8 the plan), if the Secretary of the Treasury
9 deems such amendments necessary to ensure
10 full payment of all obligations of the Associa-
11 tion.

12 “(E) IMPLEMENTATION BY THE ASSOCIA-
13 TION.—The Association shall promptly imple-
14 ment the plan (including any amendments to
15 the plan, whether such amendments are made
16 by the Association or are required to be made
17 by the Secretary of the Treasury).

18 “(3) DISSOLUTION OF THE ASSOCIATION.—The
19 Association shall dissolve and the Association’s sepa-
20 rate existence shall terminate on July 1, 2013, after
21 discharge of all outstanding debt obligations and liq-
22 uidation pursuant to this subsection. The Associa-
23 tion may dissolve pursuant to this subsection prior
24 to such date by notifying the Secretary of Education
25 and the Secretary of the Treasury of the Associa-

1 tion’s intention to dissolve, unless within 60 days of
2 receipt of such notice the Secretary of Education no-
3 tifies the Association that the Association continues
4 to be needed to serve as a lender of last resort pur-
5 suant to subsection (q) or continues to be needed to
6 purchase loans under an agreement with the Sec-
7 retary described in paragraph (4)(A). On the dis-
8 solution date, the Association shall take the follow-
9 ing actions:

10 “(A) ESTABLISHMENT OF A TRUST.—The
11 Association shall, under the terms of an irrev-
12 ocable trust agreement in form and substance
13 satisfactory to the Secretary of the Treasury,
14 the Association, and the appointed trustee, ir-
15 revocably transfer all remaining obligations of
16 the Association to a trust and irrevocably de-
17 posit or cause to be deposited into such trust,
18 to be held as trust funds solely for the benefit
19 of holders of the remaining obligations, money
20 or direct noncallable obligations of the United
21 States or any agency thereof for which payment
22 the full faith and credit of the United States is
23 pledged, maturing as to principal and interest
24 in such amounts and at such times as are de-
25 termined by the Secretary of the Treasury to be

1 sufficient, without consideration of any signifi-
2 cant reinvestment of such interest, to pay the
3 principal of, and interest on, the remaining obli-
4 gations in accordance with their terms.

5 “(B) USE OF TRUST ASSETS.—All money,
6 obligations, or financial assets deposited into
7 the trust pursuant to this subsection shall be
8 applied by the trustee to the payment of the re-
9 maining obligations assumed by the trust. Upon
10 the fulfillment of the trustee’s duties under the
11 trust, any remaining assets of the trust shall be
12 transferred to the persons who, at the time of
13 the dissolution, were the shareholders of the As-
14 sociation, or to the legal successors or assigns
15 of such persons.

16 “(C) OBLIGATIONS NOT TRANSFERRED TO
17 THE TRUST.—The Association shall make prop-
18 er provision for all other obligations of the As-
19 sociation, including the repurchase or redemp-
20 tion, or the making of proper provision for the
21 repurchase or redemption, of any preferred
22 stock of the Association outstanding.

23 “(D) TRANSFER OF REMAINING ASSETS.—
24 After compliance with subparagraphs (A) and
25 (C), the Association shall transfer to the share-

1 holders of the Association any remaining assets
2 of the Association.

3 “(4) RESTRICTIONS RELATING TO WINDING
4 UP.—

5 “(A) RESTRICTIONS ON NEW BUSINESS AC-
6 TIVITY OR ACQUISITION OF ASSETS BY THE AS-
7 SOCIATION.—

8 “(i) IN GENERAL.—Beginning on July
9 1, 2009, the Association shall not engage
10 in any new business activities or acquire
11 any additional program assets (including
12 acquiring assets pursuant to contractual
13 commitments) described in subsection (d)
14 other than in connection with the Associa-
15 tion—

16 “(I) serving as a lender of last
17 resort pursuant to subsection (q); and

18 “(II) purchasing loans insured
19 under this part, if the Secretary, with
20 the approval of the Secretary of the
21 Treasury, enters into an agreement
22 with the Association for the continu-
23 ation or resumption of the Associa-
24 tion’s secondary market purchase pro-
25 gram because the Secretary deter-

1 mines there is inadequate liquidity for
2 loans made under this part.

3 “(ii) AGREEMENT.—The Secretary is
4 authorized to enter into an agreement de-
5 scribed in subclause (II) of clause (i) with
6 the Association covering such secondary
7 market activities. Any agreement entered
8 into under such subclause shall cover a pe-
9 riod of 12 months, but may be renewed if
10 the Secretary determines that liquidity re-
11 mains inadequate. The fee provided under
12 subsection (h)(7) shall not apply to loans
13 acquired under any such agreement with
14 the Secretary.

15 “(B) ISSUANCE OF DEBT OBLIGATIONS
16 DURING THE WIND UP PERIOD; ATTRIBUTES OF
17 DEBT OBLIGATIONS.—The Association shall not
18 issue debt obligations which mature later than
19 July 1, 2013, except in connection with serving
20 as a lender of last resort pursuant to subsection
21 (q) or with purchasing loans under an agree-
22 ment with the Secretary as described in sub-
23 paragraph (A). Nothing in this subsection shall
24 modify the attributes accorded the debt obliga-
25 tions of the Association by this section, regard-

1 less of whether such debt obligations are trans-
2 ferred to a trust in accordance with paragraph
3 (3).

4 “(C) USE OF ASSOCIATION NAME.—The
5 Association may not transfer or permit the use
6 of the name ‘Student Loan Marketing Associa-
7 tion’, ‘Sallie Mae’, or any variation thereof, to
8 or by any entity other than a subsidiary of the
9 Association.”.

10 (d) DISCRIMINATION IN SECONDARY MARKETS PRO-
11 HIBITED.—Part B of title IV of the Higher Education Act
12 of 1965 (20 U.S.C. 1071 et seq.) is amended by adding
13 after section 440 (as added by subsection (a)) the follow-
14 ing new section:

15 **“SEC. 440A. DISCRIMINATION IN SECONDARY MARKETS**
16 **PROHIBITED.**

17 “The Student Loan Marketing Association (and, if
18 the Association is privatized under section 440, any suc-
19 cessor entity functioning as a secondary market for loans
20 under this part, including the Holding Company described
21 in such section) shall not engage directly or indirectly in
22 any pattern or practice that results in a denial of a bor-
23 rower’s access to loans under this part because of the bor-
24 rower’s race, sex, color, religion, national origin, age, dis-
25 ability status, income, attendance at a particular eligible

1 institution, length of the borrower’s educational program,
2 or the borrower’s academic year at an eligible institu-
3 tion.”.

4 (e) REPEALS.—

5 (1) IN GENERAL.—Sections 439 of the Higher
6 Education Act of 1965 (20 U.S.C. 1087–2) and 440
7 of such Act (as added by subsection (a) of this sec-
8 tion) are repealed.

9 (2) EFFECTIVE DATE.—The repeals made by
10 paragraph (1) shall be effective one year after—

11 (A) the date on which all of the obligations
12 of the trust established under section 440(d)(1)
13 of the Higher Education Act of 1965 (as added
14 by subsection (a)) have been extinguished, if a
15 reorganization occurs in accordance with section
16 440 of such Act; or

17 (B) the date on which all of the obligations
18 of the trust established under subsection
19 439(s)(3)(A) of such Act (as added by sub-
20 section (c)) have been extinguished, if a reorga-
21 nization does not occur in accordance with sec-
22 tion 440 of such Act.

23 (f) ASSOCIATION NAMES.—Upon dissolution in ac-
24 cordance with section 439(s) of the Higher Education Act
25 of 1965 (20 U.S.C. 1087–2), the names “Student Loan

1 Marketing Association”, “Sallie Mae”, and any variations
 2 thereof may not be used by any entity engaged in any
 3 business similar to the business conducted pursuant to
 4 section 439 of such Act (as such section was in effect on
 5 the date of enactment of this Act) without the approval
 6 of the Secretary of the Treasury.

7 (g) RIGHT TO ENFORCE.—The Secretary of Edu-
 8 cation or the Secretary of the Treasury, as appropriate,
 9 may request that the Attorney General bring an action
 10 in the United States District Court for the District of Co-
 11 lumbia for the enforcement of any provision of subsection
 12 (f), or may, under the direction or control of the Attorney
 13 General, bring such an action. Such court shall have juris-
 14 diction and power to order and require compliance with
 15 subsection (f).

16 **SEC. 102. CONNIE LEE PRIVATIZATION.**

17 (a) STATUS OF THE CORPORATION AND CORPORATE
 18 POWERS; OBLIGATIONS NOT FEDERALLY GUARAN-
 19 TEED.—

20 (1) STATUS OF THE CORPORATION.—The Cor-
 21 poration shall not be an agency, instrumentality, or
 22 establishment of the United States Government, nor
 23 a Government corporation, nor a Government con-
 24 trolled corporation, as such terms are defined in sec-
 25 tion 103 of title 5, United States Code. No action

1 under section 1491 of title 28, United States Code
2 (commonly known as the Tucker Act) shall be allow-
3 able against the United States based on the actions
4 of the Corporation.

5 (2) CORPORATE POWERS.—The Corporation
6 shall be subject to the provisions of this section, and,
7 to the extent not inconsistent with this section, to
8 the District of Columbia Business Corporation Act
9 (or the comparable law of another State, if applica-
10 ble). The Corporation shall have the powers con-
11 ferred upon a corporation by the District of Colum-
12 bia Business Corporation Act (or such other applica-
13 ble State law) as from time to time in effect in order
14 to conduct the Corporation's affairs as a private,
15 for-profit corporation and to carry out the Corpora-
16 tion's purposes and activities incidental thereto. The
17 Corporation shall have the power to enter into con-
18 tracts, to execute instruments, to incur liabilities, to
19 provide products and services, and to do all things
20 as are necessary or incidental to the proper manage-
21 ment of the Corporation's affairs and the efficient
22 operation of a private, for-profit business.

23 (3) LIMITATION ON OWNERSHIP OF STOCK.—

24 (A) SECRETARY OF THE TREASURY.—The
25 Secretary of the Treasury, in completing the

1 sale of stock pursuant to subsection (c), may
2 not sell or issue the stock held by the Secretary
3 of Education to an agency, instrumentality, or
4 establishment of the United States Government,
5 or to a Government corporation or a Govern-
6 ment controlled corporation, as such terms are
7 defined in section 103 of title 5, United States
8 Code, or to a government-sponsored enterprise
9 as such term is defined in section 3 of the Con-
10 gressional Budget Act of 1974 (2 U.S.C. 622).

11 (B) STUDENT LOAN MARKETING ASSOCIA-
12 TION.—The Student Loan Marketing Associa-
13 tion shall not increase its share of the owner-
14 ship of the Corporation in excess of 42 percent
15 of the shares of stock of the Corporation out-
16 standing on the date of enactment of this Act.
17 The Student Loan Marketing Association shall
18 not control the operation of the Corporation,
19 except that the Student Loan Marketing Asso-
20 ciation may participate in the election of direc-
21 tors as a shareholder, and may continue to ex-
22 ercise the Student Loan Marketing Associa-
23 tion's right to appoint directors under section
24 754 of the Higher Education Act of 1965 (20

1 U.S.C. 1132f–3) as long as that section is in ef-
2 fect.

3 (C) PROHIBITION.—Until such time as the
4 Secretary of the Treasury sells the stock of the
5 Corporation owned by the Secretary of Edu-
6 cation pursuant to subsection (c), the Student
7 Loan Marketing Association shall not provide
8 financial support or guarantees to the Corpora-
9 tion.

10 (D) FINANCIAL SUPPORT OR GUARAN-
11 TEES.—After the Secretary of the Treasury
12 sells the stock of the Corporation owned by the
13 Secretary of Education pursuant to subsection
14 (c), the Student Loan Marketing Association
15 may provide financial support or guarantees to
16 the Corporation, if such support or guarantees
17 are subject to terms and conditions that are no
18 more advantageous to the Corporation than the
19 terms and conditions the Student Loan Market-
20 ing Association provides to other entities, in-
21 cluding, where applicable, other monoline finan-
22 cial guaranty corporations in which the Student
23 Loan Marketing Association has no ownership
24 interest.

25 (4) NO FEDERAL GUARANTEE.—

1 (A) OBLIGATIONS INSURED BY THE COR-
2 PORATION.—

3 (i) FULL FAITH AND CREDIT OF THE
4 UNITED STATES.—No obligation that is in-
5 sured, guaranteed, or otherwise backed by
6 the Corporation shall be deemed to be an
7 obligation that is guaranteed by the full
8 faith and credit of the United States.

9 (ii) STUDENT LOAN MARKETING ASSO-
10 CIATION.—No obligation that is insured,
11 guaranteed, or otherwise backed by the
12 Corporation shall be deemed to be an obli-
13 gation that is guaranteed by the Student
14 Loan Marketing Association.

15 (iii) SPECIAL RULE.—This paragraph
16 shall not affect the determination of
17 whether such obligation is guaranteed for
18 purposes of Federal income taxes.

19 (B) SECURITIES OFFERED BY THE COR-
20 PORATION.—No debt or equity securities of the
21 Corporation shall be deemed to be guaranteed
22 by the full faith and credit of the United
23 States.

24 (5) DEFINITION.—The term “Corporation” as
25 used in this section means the College Construction

1 Loan Insurance Association as in existence on the
2 day before the date of enactment of this Act, and
3 any successor corporation.

4 (b) RELATED PRIVATIZATION REQUIREMENTS.—

5 (1) NOTICE REQUIREMENTS.—

6 (A) IN GENERAL.—During the six-year pe-
7 riod following the date of enactment of this Act,
8 the Corporation shall include, in each of the
9 Corporation’s contracts for the insurance, guar-
10 antee, or reinsurance of obligations, and in each
11 document offering debt or equity securities of
12 the Corporation, a prominent statement provid-
13 ing notice that—

14 (i) such obligations or such securities,
15 as the case may be, are not obligations of
16 the United States, nor are such obligations
17 or such securities, as the case may be,
18 guaranteed in any way by the full faith
19 and credit of the United States; and

20 (ii) the Corporation is not an instru-
21 mentality of the United States.

22 (B) ADDITIONAL NOTICE.—During the
23 five-year period following the sale of stock pur-
24 suant to subsection (c)(1), in addition to the
25 notice requirements in subparagraph (A), the

1 Corporation shall include, in each of the con-
2 tracts and documents referred to in such sub-
3 paragraph, a prominent statement providing no-
4 tice that the United States is not an investor in
5 the Corporation.

6 (2) CORPORATE CHARTER.—The Corporation’s
7 charter shall be amended as necessary and without
8 delay to conform to the requirements of this section.

9 (3) CORPORATE NAME.—The name of the Cor-
10 poration, or of any direct or indirect subsidiary
11 thereof, may not contain the term “College Con-
12 struction Loan Insurance Association”, or any sub-
13 stantially similar variation thereof.

14 (4) ARTICLES OF INCORPORATION.—The Cor-
15 poration shall amend the Corporation’s articles of
16 incorporation without delay to reflect that one of the
17 purposes of the Corporation shall be to guarantee,
18 insure, and reinsure bonds, leases, and other evi-
19 dences of debt of educational institutions, including
20 Historically Black Colleges and Universities and
21 other academic institutions which are ranked in the
22 lower investment grade category using a nationally
23 recognized credit rating system.

24 (5) REQUIREMENTS UNTIL STOCK SALE.—Not-
25 withstanding subsection (d), the requirements of sec-

1 tions 754 and 760 of the Higher Education Act of
2 1965 (20 U.S.C. 1132f–3 and 1132f–9), as such
3 sections were in effect on the day before the date of
4 enactment of this Act, shall continue to be effective
5 until the day immediately following the date of clos-
6 ing of the purchase of the Secretary of Education’s
7 stock (or the date of closing of the final purchase,
8 in the case of multiple transactions) pursuant to
9 subsection (c)(1) of this Act.

10 (c) SALE OF FEDERALLY OWNED STOCK.—

11 (1) SALE OF STOCK REQUIRED.—The Secretary
12 of the Treasury shall sell, pursuant to section 324
13 of title 31, United States Code, the stock of the Cor-
14 poration owned by the Secretary of Education as
15 soon as possible after the date of enactment of this
16 Act, but not later than six months after such date.

17 (2) PURCHASE BY THE CORPORATION.—In the
18 event that the Secretary of the Treasury is unable
19 to sell the stock, or any portion thereof, at a price
20 acceptable to the Secretary of Education and the
21 Secretary of the Treasury, the Corporation shall
22 purchase, within six months after the date of enact-
23 ment of this Act, such stock at a price determined
24 by the Secretary of the Treasury and acceptable to
25 the Corporation based on the independent appraisal

1 of one or more nationally recognized financial firms,
2 except that such price shall not exceed the value of
3 the Secretary of Education's stock as determined by
4 the Congressional Budget Office in House Report
5 104–153, dated June 22, 1995.

6 (3) REIMBURSEMENT OF COSTS OF SALE.—The
7 Secretary of the Treasury shall be reimbursed from
8 the proceeds of the sale of the stock under this sub-
9 section for all reasonable costs related to such sale,
10 including all reasonable expenses relating to one or
11 more independent appraisals under this subsection.

12 (4) ASSISTANCE BY THE CORPORATION.—The
13 Corporation shall provide such assistance as the Sec-
14 retary of the Treasury and the Secretary of Edu-
15 cation may require to facilitate the sale of the stock
16 under this subsection.

17 (d) REPEAL OF STATUTORY RESTRICTIONS AND RE-
18 LATED PROVISIONS.—Part D of title VII of the Higher
19 Education Act of 1965 (20 U.S.C. 1001 et seq.) is re-
20 pealed.

21 **SEC. 103. ELIGIBLE INSTITUTION.**

22 (a) AMENDMENT.—Section 481(b) of the Higher
23 Education Act of 1965 (20 U.S.C. 1088(b)) is amended
24 by inserting after the end of the first sentence the follow-
25 ing new sentence: “For the purposes of determining

1 whether an institution meets the requirements of clause
 2 (6), the Secretary shall not consider the financial informa-
 3 tion of any institution for a fiscal year that began on or
 4 before April 30, 1994.”.

5 (b) EFFECTIVE DATE.—The amendment made by
 6 subsection (a) shall apply to any determination made on
 7 or after July 1, 1994, by the Secretary of Education pur-
 8 suant to section 481(b)(6) of the Higher Education Act
 9 of 1965 (20 U.S.C. 1088(b)(6)).

10 **TITLE II—MUSEUMS AND** 11 **LIBRARIES**

12 **SEC. 201. MUSEUM AND LIBRARY SERVICES.**

13 The Museum Services Act (20 U.S.C. 961 et seq.)
 14 is amended to read as follows:

15 **“TITLE II—MUSEUM AND** 16 **LIBRARY SERVICES** 17 **“Subtitle A—General Provisions**

18 **“SEC. 201. SHORT TITLE.**

19 “This title may be cited as the ‘Museum and Library
 20 Services Act’.

21 **“SEC. 202. GENERAL DEFINITIONS.**

22 “As used in this title:

23 “(1) COMMISSION.—The term ‘Commission’
 24 means the National Commission on Libraries and
 25 Information Science established under section 3 of

1 the National Commission on Libraries and Informa-
2 tion Sciences Act (20 U.S.C. 1502).

3 “(2) DIRECTOR.—The term ‘Director’ means
4 the Director of the Institute appointed under section
5 204.

6 “(3) INSTITUTE.—The term ‘Institute’ means
7 the Institute of Museum and Library Services estab-
8 lished under section 203.

9 “(4) MUSEUM BOARD.—The term ‘Museum
10 Board’ means the National Museum Services Board
11 established under section 275.

12 **“SEC. 203. INSTITUTE OF MUSEUM AND LIBRARY SERVICES.**

13 “(a) ESTABLISHMENT.—There is established, within
14 the National Foundation on the Arts and the Humanities,
15 an Institute of Museum and Library Services.

16 “(b) OFFICES.—The Institute shall consist of an Of-
17 fice of Museum Services and an Office of Library Services.
18 There shall be a National Museum Services Board in the
19 Office of Museum Services.

20 **“SEC. 204. DIRECTOR OF THE INSTITUTE.**

21 “(a) APPOINTMENT.—

22 “(1) IN GENERAL.—The Institute shall be
23 headed by a Director, appointed by the President, by
24 and with the advice and consent of the Senate.

1 “(2) TERM.—The Director shall serve for a
2 term of 4 years.

3 “(3) QUALIFICATIONS.—Beginning with the
4 first individual appointed to the position of Director
5 after the date of the enactment of the Government-
6 Sponsored Enterprise Privatization Act of 1996,
7 every second individual so appointed shall be ap-
8 pointed from among individuals who have special
9 competence with regard to library and information
10 services. Beginning with the second individual ap-
11 pointed to the position of Director after the date of
12 enactment of the Government-Sponsored Enterprise
13 Privatization Act of 1996, every second individual so
14 appointed shall be appointed from among individuals
15 who have special competence with regard to museum
16 services.

17 “(b) COMPENSATION.—The Director may be com-
18 pensated at the rate provided for level III of the Executive
19 Schedule under section 5314 of title 5, United States
20 Code.

21 “(c) DUTIES AND POWERS.—The Director shall per-
22 form such duties and exercise such powers as may be pre-
23 scribed by law, including awarding financial assistance for
24 activities described in this title.

1 “(d) NONDELEGATION.—The Director shall not dele-
2 gate any of the functions of the Director to any person
3 who is not an officer or employee of the Institute.

4 “(e) COORDINATION.—The Director shall ensure co-
5 ordination of the policies and activities of the Institute
6 with the policies and activities of other agencies and of-
7 fices of the Federal Government having interest in and
8 responsibilities for the improvement of museums and li-
9 braries and information services.

10 **“SEC. 205. DEPUTY DIRECTORS.**

11 “The Office of Library Services shall be headed by
12 a Deputy Director, who shall be appointed by the Director
13 from among individuals who have a graduate degree in
14 library science and expertise in library and information
15 services. The Office of Museum Services shall be headed
16 by a Deputy Director, who shall be appointed by the Di-
17 rector from among individuals who have expertise in mu-
18 seum services.

19 **“SEC. 206. PERSONNEL.**

20 “(a) IN GENERAL.—The Director may, in accordance
21 with applicable provisions of title 5, United States Code,
22 appoint and determine the compensation of such employ-
23 ees as the Director determines to be necessary to carry
24 out the duties of the Institute.

1 “(b) VOLUNTARY SERVICES.—The Director may ac-
 2 cept and utilize the voluntary services of individuals and
 3 reimburse the individuals for travel expenses, including
 4 per diem in lieu of subsistence, in the same amounts and
 5 to the same extent as authorized under section 5703 of
 6 title 5, United States Code, for persons employed intermit-
 7 tently in Federal Government service.

8 **“SEC. 207. CONTRIBUTIONS.**

9 “The Institute is authorized to solicit, accept, receive,
 10 and invest in the name of the United States, gifts, be-
 11 quests, or devises of money and other property or services
 12 and to use such property or services in furtherance of the
 13 functions of the Institute. Any proceeds from such gifts,
 14 bequests, or devises, after acceptance by the Institute,
 15 shall be paid by the donor or the representative of the
 16 donor to the Director. The Director shall enter the pro-
 17 ceeds in a special interest-bearing account to the credit
 18 of the Institute for the purposes specified in each case.

19 **“Subtitle B—Library Services and**
 20 **Technology**

21 **“SEC. 211. SHORT TITLE.**

22 “This subtitle may be cited as the ‘Library Services
 23 and Technology Act’.

24 **“SEC. 212. PURPOSE.**

25 “It is the purpose of this subtitle—

1 “(1) to consolidate Federal library service pro-
2 grams;

3 “(2) to stimulate excellence and promote access
4 to learning and information resources in all types of
5 libraries for individuals of all ages;

6 “(3) to promote library services that provide all
7 users access to information through State, regional,
8 national and international electronic networks;

9 “(4) to provide linkages among and between li-
10 braries; and

11 “(5) to promote targeted library services to peo-
12 ple of diverse geographic, cultural, and socio-
13 economic backgrounds, to individuals with disabil-
14 ities, and to people with limited functional literacy
15 or information skills.

16 **“SEC. 213. DEFINITIONS.**

17 “As used in this subtitle:

18 “(1) INDIAN TRIBE.—The term ‘Indian tribe’
19 means any tribe, band, nation, or other organized
20 group or community, including any Alaska native
21 village, regional corporation, or village corporation,
22 as defined in or established pursuant to the Alaska
23 Native Claims Settlement Act (43 U.S.C. 1601 et
24 seq.), which is recognized by the Secretary of the In-
25 terior as eligible for the special programs and serv-

ices provided by the United States to Indians because of their status as Indians.

“(2) LIBRARY.—The term ‘library’ includes—

“(A) a public library;

“(B) a public elementary school or secondary school library;

“(C) an academic library;

“(D) a research library, which for the purposes of this subtitle means a library that—

“(i) makes publicly available library services and materials suitable for scholarly research and not otherwise available to the public; and

“(ii) is not an integral part of an institution of higher education; and

“(E) a private library, but only if the State in which such private library is located determines that the library should be considered a library for purposes of this subtitle.

“(3) LIBRARY CONSORTIUM.—The term ‘library consortium’ means any local, statewide, regional, interstate, or international cooperative association of library entities which provides for the systematic and effective coordination of the resources of school, public, academic, and special libraries and information

1 centers, for improved services for the clientele of
2 such library entities.

3 “(4) STATE.—The term ‘State’, unless other-
4 wise specified, includes each of the 50 States of the
5 United States, the District of Columbia, the Com-
6 monwealth of Puerto Rico, the United States Virgin
7 Islands, Guam, American Samoa, the Common-
8 wealth of the Northern Mariana Islands, the Repub-
9 lic of the Marshall Islands, the Federated States of
10 Micronesia, and the Republic of Palau.

11 “(5) STATE LIBRARY ADMINISTRATIVE AGEN-
12 CY.—The term ‘State library administrative agency’
13 means the official agency of a State charged by the
14 law of the State with the extension and development
15 of public library services throughout the State.

16 “(6) STATE PLAN.—The term ‘State plan’
17 means the document which gives assurances that the
18 officially designated State library administrative
19 agency has the fiscal and legal authority and capa-
20 bility to administer all aspects of this subtitle, pro-
21 vides assurances for establishing the State’s policies,
22 priorities, criteria, and procedures necessary to the
23 implementation of all programs under this subtitle,
24 submits copies for approval as required by regula-
25 tions promulgated by the Director, identifies a

1 State's library needs, and sets forth the activities to
2 be taken toward meeting the identified needs sup-
3 ported with the assistance of Federal funds made
4 available under this subtitle.

5 **“SEC. 214. AUTHORIZATION OF APPROPRIATIONS.**

6 “(a) AUTHORIZATION OF APPROPRIATIONS.—

7 “(1) IN GENERAL.—There are authorized to be
8 appropriated \$150,000,000 for fiscal year 1997 and
9 such sums as may be necessary for each of the fiscal
10 years 1998 through 2002 to carry out this subtitle.

11 “(2) TRANSFER.—The Secretary of Education
12 shall—

13 “(A) transfer any funds appropriated
14 under the authority of paragraph (1) to the Di-
15 rector to enable the Director to carry out this
16 subtitle; and

17 “(B) not exercise any authority concerning
18 the administration of this title other than the
19 transfer described in subparagraph (A).

20 “(b) FORWARD FUNDING.—

21 “(1) IN GENERAL.—To the end of affording the
22 responsible Federal, State, and local officers ade-
23 quate notice of available Federal financial assistance
24 for carrying out ongoing library activities and
25 projects, appropriations for grants, contracts, or

1 other payments under any program under this sub-
2 title are authorized to be included in the appropria-
3 tions Act for the fiscal year preceding the fiscal year
4 during which such activities and projects shall be
5 carried out.

6 “(2) ADDITIONAL AUTHORIZATION OF APPRO-
7 PRIATIONS.—In order to effect a transition to the
8 timing of appropriation action authorized by sub-
9 section (a), the application of this section may result
10 in the enactment, in a fiscal year, of separate appro-
11 priations for a program under this subtitle (whether
12 in the same appropriations Act or otherwise) for two
13 consecutive fiscal years.

14 “(c) ADMINISTRATION.—Not more than 3 percent of
15 the funds appropriated under this section for a fiscal year
16 may be used to pay for the Federal administrative costs
17 of carrying out this subtitle.

18 **“CHAPTER 1—BASIC PROGRAM**
19 **REQUIREMENTS**

20 **“SEC. 221. RESERVATIONS AND ALLOTMENTS.**

21 “(a) RESERVATIONS.—

22 “(1) IN GENERAL.—From the amount appro-
23 priated under the authority of section 214 for any
24 fiscal year, the Director—

1 “(A) shall reserve 1½ percent to award
2 grants in accordance with section 261; and

3 “(B) shall reserve 4 percent to award na-
4 tional leadership grants or contracts in accord-
5 ance with section 262.

6 “(2) SPECIAL RULE.—If the funds reserved
7 pursuant to paragraph (1)(B) for a fiscal year have
8 not been obligated by the end of such fiscal year,
9 then such funds shall be allotted in accordance with
10 subsection (b) for the fiscal year succeeding the fis-
11 cal year for which the funds were so reserved.

12 “(b) ALLOTMENTS.—

13 “(1) IN GENERAL.—From the sums appro-
14 priated under the authority of section 214 and not
15 reserved under subsection (a) for any fiscal year, the
16 Director shall award grants from minimum allot-
17 ments, as determined under paragraph (3), to each
18 State. Any sums remaining after minimum allot-
19 ments are made for such year shall be allotted in the
20 manner set forth in paragraph (2).

21 “(2) REMAINDER.—From the remainder of any
22 sums appropriated under the authority of section
23 214 that are not reserved under subsection (a) and
24 not allotted under paragraph (1) for any fiscal year,
25 the Director shall award grants to each State in an

1 amount that bears the same relation to such remain-
2 der as the population of the State bears to the popu-
3 lation of all States.

4 “(3) MINIMUM ALLOTMENT.—

5 “(A) IN GENERAL.—For the purposes of
6 this subsection, the minimum allotment for each
7 State shall be \$340,000, except that the mini-
8 mum allotment shall be \$40,000 in the case of
9 the United States Virgin Islands, Guam, Amer-
10 ican Samoa, the Commonwealth of the North-
11 ern Mariana Islands, the Republic of the Mar-
12 shall Islands, the Federated States of Microne-
13 sia, and the Republic of Palau.

14 “(B) RATABLE REDUCTIONS.—If the sum
15 appropriated under the authority of section 214
16 and not reserved under subsection (a) for any
17 fiscal year is insufficient to fully satisfy the ag-
18 gregate of the minimum allotments for all
19 States for that purpose for such year, each of
20 such minimum allotments shall be reduced rat-
21 ably.

22 “(C) SPECIAL RULE.—

23 “(i) IN GENERAL.—Notwithstanding
24 any other provision of this subsection and
25 using funds allotted for the Republic of the

1 Marshall Islands, the Federated States of
2 Micronesia, and the Republic of Palau
3 under this subsection, the Director shall
4 award grants to Guam, American Samoa,
5 the Commonwealth of the Northern Mari-
6 ana Islands, the Republic of the Marshall
7 Islands, the Federated States of Microne-
8 sia, or the Republic of Palau to carry out
9 activities described in this subtitle in ac-
10 cordance with the provisions of this sub-
11 title that the Director determines are not
12 inconsistent with this subparagraph.

13 “(ii) AWARD BASIS.—The Director
14 shall award grants pursuant to clause (i)
15 on a competitive basis and pursuant to rec-
16 ommendations from the Pacific Region
17 Educational Laboratory in Honolulu, Ha-
18 waii.

19 “(iii) TERMINATION OF ELIGI-
20 BILITY.—Notwithstanding any other provi-
21 sion of law, the Republic of the Marshall
22 Islands, the Federated States of Microne-
23 sia, and the Republic of Palau shall not re-
24 ceive any funds under this subtitle for any

1 fiscal year that begins after September 30,
2 2001.

3 “(iv) ADMINISTRATIVE COSTS.—The
4 Director may provide not more than 5 per-
5 cent of the funds made available for grants
6 under this subparagraph to pay the admin-
7 istrative costs of the Pacific Region Edu-
8 cational Laboratory regarding activities as-
9 sisted under this subparagraph.

10 “(4) DATA.—The population of each State and
11 of all the States shall be determined by the Director
12 on the basis of the most recent data available from
13 the Bureau of the Census.

14 **“SEC. 222. ADMINISTRATION.**

15 “(a) IN GENERAL.—Not more than 4 percent of the
16 total amount of funds received under this subtitle for any
17 fiscal year by a State may be used for administrative costs.

18 “(b) CONSTRUCTION.—Nothing in this section shall
19 be construed to limit spending for evaluation costs under
20 section 224(c) from sources other than this subtitle.

21 **“SEC. 223. PAYMENTS; FEDERAL SHARE; AND MAINTENANCE OF EFFORT REQUIREMENTS.**

22 “(a) PAYMENTS.—Subject to appropriations provided
23 pursuant to section 214, the Director shall pay to each
24 State library administrative agency having a State plan
25 State library administrative agency having a State plan

1 approved under section 224 the Federal share of the cost
2 of the activities described in the State plan.

3 “(b) FEDERAL SHARE.—

4 “(1) IN GENERAL.—The Federal share shall be
5 66 percent.

6 “(2) NON-FEDERAL SHARE.—The non-Federal
7 share of payments shall be provided from non-Fed-
8 eral, State, or local sources.

9 “(c) MAINTENANCE OF EFFORT.—

10 “(1) STATE EXPENDITURES.—

11 “(A) REQUIREMENT.—

12 “(i) IN GENERAL.—The amount oth-
13 erwise payable to a State for a fiscal year
14 pursuant to an allotment under this chap-
15 ter shall be reduced if the level of State ex-
16 penditures, as described in paragraph (2),
17 for the previous fiscal year is less than the
18 average of the total of such expenditures
19 for the 3 fiscal years preceding that pre-
20 vious fiscal year. The amount of the reduc-
21 tion in allotment for any fiscal year shall
22 be equal to the amount by which the level
23 of such State expenditures for the fiscal
24 year for which the determination is made
25 is less than the average of the total of such

1 expenditures for the 3 fiscal years preced-
2 ing the fiscal year for which the determina-
3 tion is made.

4 “(ii) CALCULATION.—Any decrease in
5 State expenditures resulting from the ap-
6 plication of subparagraph (B) shall be ex-
7 cluded from the calculation of the average
8 level of State expenditures for any 3-year
9 period described in clause (i).

10 “(B) DECREASE IN FEDERAL SUPPORT.—
11 If the amount made available under this sub-
12 title for a fiscal year is less than the amount
13 made available under this subtitle for the pre-
14 ceding fiscal year, then the expenditures re-
15 quired by subparagraph (A) for such preceding
16 fiscal year shall be decreased by the same per-
17 centage as the percentage decrease in the
18 amount so made available.

19 “(2) LEVEL OF STATE EXPENDITURES.—The
20 level of State expenditures for the purposes of para-
21 graph (1) shall include all State dollars expended by
22 the State library administrative agency for library
23 programs that are consistent with the purposes of
24 this subtitle. All funds included in the maintenance
25 of effort calculation under this subsection shall be

1 expended during the fiscal year for which the deter-
2 mination is made, and shall not include capital ex-
3 penditures, special one-time project costs, or similar
4 windfalls.

5 “(3) WAIVER.—The Director may waive the re-
6 quirements of paragraph (1) if the Director deter-
7 mines that such a waiver would be equitable due to
8 exceptional or uncontrollable circumstances such as
9 a natural disaster or a precipitous and unforeseen
10 decline in the financial resources of the State.

11 **“SEC. 224. STATE PLANS.**

12 “(a) STATE PLAN REQUIRED.—

13 “(1) IN GENERAL.—In order to be eligible to
14 receive a grant under this subtitle, a State library
15 administrative agency shall submit a State plan to
16 the Director not later than April 1, 1997.

17 “(2) DURATION.—The State plan shall cover a
18 period of 5 fiscal years.

19 “(3) REVISIONS.—If a State library administra-
20 tive agency makes a substantive revision to its State
21 plan, then the State library administrative agency
22 shall submit to the Director an amendment to the
23 State plan containing such revision not later than
24 April 1 of the fiscal year preceding the fiscal year
25 for which the amendment will be effective.

1 “(b) CONTENTS.—The State plan shall—

2 “(1) establish goals, and specify priorities, for
3 the State consistent with the purposes of this sub-
4 title;

5 “(2) describe activities that are consistent with
6 the goals and priorities established under paragraph
7 (1), the purposes of this subtitle, and section 231,
8 that the State library administrative agency will
9 carry out during such year using such grant;

10 “(3) describe the procedures that such agency
11 will use to carry out the activities described in para-
12 graph (2);

13 “(4) describe the methodology that such agency
14 will use to evaluate the success of the activities es-
15 tablished under paragraph (2) in achieving the goals
16 and meeting the priorities described in paragraph
17 (1);

18 “(5) describe the procedures that such agency
19 will use to involve libraries and library users
20 throughout the State in policy decisions regarding
21 implementation of this subtitle; and

22 “(6) provide assurances satisfactory to the Di-
23 rector that such agency will make such reports, in
24 such form and containing such information, as the
25 Director may reasonably require to carry out this

1 subtitle and to determine the extent to which funds
2 provided under this subtitle have been effective in
3 carrying out the purposes of this subtitle.

4 “(c) EVALUATION AND REPORT.—Each State library
5 administrative agency receiving a grant under this subtitle
6 shall independently evaluate, and report to the Director
7 regarding, the activities assisted under this subtitle, prior
8 to the end of the 5-year plan.

9 “(d) INFORMATION.—Each library receiving assist-
10 ance under this subtitle shall submit to the State library
11 administrative agency such information as such agency
12 may require to meet the requirements of subsection (c).

13 “(e) APPROVAL.—

14 “(1) IN GENERAL.—The Director shall approve
15 any State plan under this subtitle that meets the re-
16 quirements of this subtitle and provides satisfactory
17 assurances that the provisions of such plan will be
18 carried out.

19 “(2) PUBLIC AVAILABILITY.—Each State li-
20 brary administrative agency receiving a grant under
21 this subtitle shall make the State plan available to
22 the public.

23 “(3) ADMINISTRATION.—If the Director deter-
24 mines that the State plan does not meet the require-
25 ments of this section, the Director shall—

1 “(A) immediately notify the State library
2 administrative agency of such determination
3 and the reasons for such determination;

4 “(B) offer the State library administrative
5 agency the opportunity to revise its State plan;

6 “(C) provide technical assistance in order
7 to assist the State library administrative agency
8 in meeting the requirements of this section; and

9 “(D) provide the State library administra-
10 tive agency the opportunity for a hearing.

11 **“CHAPTER 2—LIBRARY PROGRAMS**

12 **“SEC. 231. GRANTS TO STATES.**

13 “(a) IN GENERAL.—Of the funds provided to a State
14 library administrative agency under section 214, such
15 agency shall expend, either directly or through subgrants
16 or cooperative agreements, at least 96 percent of such
17 funds for—

18 “(1) establishing or enhancing electronic link-
19 ages among or between libraries and library consor-
20 tia; and

21 “(2) targeting library and information services
22 to persons having difficulty using a library and to
23 underserved urban and rural communities, including
24 children (from birth through age 17) from families
25 with incomes below the poverty line (as defined by

1 the Office of Management and Budget and revised
 2 annually in accordance with section 673(2) of the
 3 Community Services Block Grant Act (42 U.S.C.
 4 9902(2)) applicable to a family of the size involved.

5 “(b) SPECIAL RULE.—Each State library administra-
 6 tive agency receiving funds under this chapter may appor-
 7 tion the funds available for the purposes described in sub-
 8 section (a) between the two purposes described in para-
 9 graphs (1) and (2) of such subsection, as appropriate, to
 10 meet the needs of the individual State.

11 **“CHAPTER 3—ADMINISTRATIVE** 12 **PROVISIONS**

13 **“Subchapter A—State Requirements**

14 **“SEC. 251. STATE ADVISORY COUNCILS.**

15 “Each State desiring assistance under this subtitle
 16 may establish a State advisory council which is broadly
 17 representative of the library entities in the State, including
 18 public, school, academic, special, and institutional librar-
 19 ies, and libraries serving individuals with disabilities.

20 **“Subchapter B—Federal Requirements**

21 **“SEC. 261. SERVICES FOR INDIAN TRIBES.**

22 “From amounts reserved under section 221(a)(1)(A)
 23 for any fiscal year the Director shall award grants to orga-
 24 nizations primarily serving and representing Indian tribes

1 to enable such organizations to carry out the activities de-
2 scribed in section 231.

3 **“SEC. 262. NATIONAL LEADERSHIP GRANTS OR CON-**
4 **TRACTS.**

5 “(a) IN GENERAL.—From the amounts reserved
6 under section 221(a)(1)(B) for any fiscal year the Direc-
7 tor shall establish and carry out a program awarding na-
8 tional leadership grants or contracts to enhance the qual-
9 ity of library services nationwide and to provide coordina-
10 tion between libraries and museums. Such grants or con-
11 tracts shall be used for activities that may include—

12 “(1) education and training of persons in li-
13 brary and information science, particularly in areas
14 of new technology and other critical needs, including
15 graduate fellowships, traineeships, institutes, or
16 other programs;

17 “(2) research and demonstration projects relat-
18 ed to the improvement of libraries, education in li-
19 brary and information science, enhancement of li-
20 brary services through effective and efficient use of
21 new technologies, and dissemination of information
22 derived from such projects;

23 “(3) preservation or digitization of library ma-
24 terials and resources, giving priority to projects em-
25 phasizing coordination, avoidance of duplication, and

1 access by researchers beyond the institution or li-
2 brary entity undertaking the project; and

3 “(4) model programs demonstrating cooperative
4 efforts between libraries and museums.

5 “(b) GRANTS OR CONTRACTS.—

6 “(1) IN GENERAL.—The Director may carry
7 out the activities described in subsection (a) by
8 awarding grants to, or entering into contracts with,
9 libraries, agencies, institutions of higher education,
10 or museums, where appropriate.

11 “(2) COMPETITIVE BASIS.—Grants and con-
12 tracts under this section shall be awarded on a com-
13 petitive basis.

14 “(c) SPECIAL RULE.—The Director shall make every
15 effort to ensure that activities assisted under this section
16 are administered by appropriate library and museum pro-
17 fessionals or experts.

18 **“SEC. 263. STATE AND LOCAL INITIATIVES.**

19 “Nothing in this subtitle shall be construed to inter-
20 fere with State and local initiatives and responsibility in
21 the conduct of library services. The administration of li-
22 braries, the selection of personnel and library books and
23 materials, and insofar as consistent with the purposes of
24 this subtitle, the determination of the best uses of the

1 funds provided under this subtitle, shall be reserved for
2 the States and their local subdivisions.

3 **“Subtitle C—Museum Services**

4 **“SEC. 271. PURPOSE.**

5 “It is the purpose of this subtitle—

6 “(1) to encourage and assist museums in their
7 educational role, in conjunction with formal systems
8 of elementary, secondary, and postsecondary edu-
9 cation, and with programs of nonformal education
10 for all age groups;

11 “(2) to assist museums in modernizing their
12 methods and facilities so that the museums are bet-
13 ter able to conserve the cultural, historic, and sci-
14 entific heritage of the United States; and

15 “(3) to ease the financial burden borne by mu-
16 seums as a result of their increasing use by the pub-
17 lic.

18 **“SEC. 272. DEFINITIONS.**

19 “As used in this subtitle:

20 “(1) MUSEUM.—The term ‘museum’ means a
21 public or private nonprofit agency or institution or-
22 ganized on a permanent basis for essentially edu-
23 cational or aesthetic purposes, that utilizes a profes-
24 sional staff, owns or utilizes tangible objects, cares

1 for the tangible objects, and exhibits the tangible ob-
2 jects to the public on a regular basis.

3 “(2) STATE.—The term ‘State’ means each of
4 the 50 States of the United States, the District of
5 Columbia, the Commonwealth of Puerto Rico, the
6 United States Virgin Islands, Guam, American
7 Samoa, the Commonwealth of the Northern Mariana
8 Islands, the Republic of the Marshall Islands, the
9 Federated States of Micronesia, and the Republic of
10 Palau.

11 **“SEC. 273. MUSEUM SERVICES ACTIVITIES.**

12 “(a) GRANTS.—The Director, subject to the policy di-
13 rection of the Museum Board, may make grants to muse-
14 ums to pay for the Federal share of the cost of increasing
15 and improving museum services, through such activities
16 as—

17 “(1) programs that enable museums to con-
18 struct or install displays, interpretations, and exhibi-
19 tions in order to improve museum services provided
20 to the public;

21 “(2) assisting museums in developing and
22 maintaining professionally trained or otherwise expe-
23 rienced staff to meet the needs of the museums;

24 “(3) assisting museums in meeting the adminis-
25 trative costs of preserving and maintaining the col-

1 lections of the museums, exhibiting the collections to
2 the public, and providing educational programs to
3 the public through the use of the collections;

4 “(4) assisting museums in cooperating with
5 each other in developing traveling exhibitions, meet-
6 ing transportation costs, and identifying and locat-
7 ing collections available for loan;

8 “(5) assisting museums in the conservation of
9 their collections;

10 “(6) developing and carrying out specialized
11 programs for specific segments of the public, such as
12 programs for urban neighborhoods, rural areas, In-
13 dian reservations, and penal and other State institu-
14 tions; and

15 “(7) model programs demonstrating cooperative
16 efforts between libraries and museums.

17 “(b) CONTRACTS AND COOPERATIVE AGREE-
18 MENTS.—

19 “(1) PROJECTS TO STRENGTHEN MUSEUM
20 SERVICES.—The Director, subject to the policy di-
21 rection of the Museum Board, is authorized to enter
22 into contracts and cooperative agreements with ap-
23 propriate entities, as determined by the Director, to
24 pay for the Federal share of enabling the entities to
25 undertake projects designed to strengthen museum

1 services, except that any contracts or cooperative
2 agreements entered into pursuant to this subsection
3 shall be effective only to such extent or in such
4 amounts as are provided in appropriations acts.

5 “(2) LIMITATION ON AMOUNT.—The aggregate
6 amount of financial assistance made available under
7 this subsection for a fiscal year shall not exceed 15
8 percent of the amount appropriated under this sub-
9 title for such fiscal year.

10 “(3) OPERATIONAL EXPENSES.—No financial
11 assistance may be provided under this subsection to
12 pay for operational expenses.

13 “(c) FEDERAL SHARE.—

14 “(1) 50 PERCENT.—Except as provided in para-
15 graph (2), the Federal share described in sub-
16 sections (a) and (b) shall be not more than 50 per-
17 cent.

18 “(2) GREATER THAN 50 PERCENT.—The Direc-
19 tor may use not more than 20 percent of the funds
20 made available under this subtitle for a fiscal year
21 to make grants under subsection (a), or enter into
22 contracts or agreements under subsection (b), for
23 which the Federal share may be greater than 50
24 percent.

1 “(d) REVIEW AND EVALUATION.—The Director shall
2 establish procedures for reviewing and evaluating grants,
3 contracts, and cooperative agreements made or entered
4 into under this subtitle. Procedures for reviewing grant
5 applications or contracts and cooperative agreements for
6 financial assistance under this subtitle shall not be subject
7 to any review outside of the Institute.

8 **“SEC. 274. AWARD.**

9 “The Director, with the advice of the Museum Board,
10 may annually award a National Award for Museum Serv-
11 ice to outstanding museums that have made significant
12 contributions in service to their communities.

13 **“SEC. 275. NATIONAL MUSEUM SERVICES BOARD.**

14 “(a) ESTABLISHMENT.—There is established in the
15 Institute a National Museum Services Board.

16 “(b) COMPOSITION AND QUALIFICATIONS.—

17 “(1) COMPOSITION.—The Museum Board shall
18 consist of the Director and 14 members appointed
19 by the President, by and with the advice and consent
20 of the Senate.

21 “(2) QUALIFICATIONS.—The appointive mem-
22 bers of the Museum Board shall be selected from
23 among citizens of the United States—

24 “(A) who are members of the general pub-
25 lic;

1 “(B) who are or have been affiliated
2 with—

3 “(i) resources that, collectively, are
4 broadly representative of the curatorial,
5 conservation, educational, and cultural re-
6 sources of the United States; or

7 “(ii) museums that, collectively, are
8 broadly representative of various types of
9 museums, including museums relating to
10 science, history, technology, art, zoos, and
11 botanical gardens; and

12 “(C) who are recognized for their broad
13 knowledge, expertise, or experience in museums
14 or commitment to museums.

15 “(3) GEOGRAPHIC AND OTHER REPRESENTA-
16 TION.—Members of the Museum Board shall be ap-
17 pointed to reflect persons from various geographic
18 regions of the United States. The Museum Board
19 may not include, at any time, more than 3 members
20 from a single State. In making such appointments,
21 the President shall give due regard to equitable rep-
22 resentation of women, minorities, and persons with
23 disabilities who are involved with museums.

24 “(c) TERMS.—

1 “(1) IN GENERAL.—Each appointive member of
2 the Museum Board shall serve for a term of 5 years,
3 except that—

4 “(A) of the members first appointed, 3
5 shall serve for terms of 5 years, 3 shall serve
6 for terms of 4 years, 3 shall serve for terms of
7 3 years, 3 shall serve for terms of 2 years, and
8 2 shall serve for terms of 1 year, as designated
9 by the President at the time of nomination for
10 appointment; and

11 “(B) any member appointed to fill a va-
12 cancy shall serve for the remainder of the term
13 for which the predecessor of the member was
14 appointed.

15 “(2) REAPPOINTMENT.—No member of the
16 Museum Board who has been a member for more
17 than 7 consecutive years shall be eligible for re-
18 appointment.

19 “(3) SERVICE UNTIL SUCCESSOR TAKES OF-
20 FICE.—Notwithstanding any other provision of this
21 subsection, a member of the Museum Board shall
22 serve after the expiration of the term of the member
23 until the successor to the member takes office.

24 “(d) DUTIES AND POWERS.—The Museum Board
25 shall have the responsibility to advise the Director on gen-

1 eral policies with respect to the duties, powers, and au-
 2 thority of the Institute relating to museum services, in-
 3 cluding general policies with respect to—

4 “(1) financial assistance awarded under this
 5 subtitle for museum services; and

6 “(2) projects described in section 262(a)(4).

7 “(e) CHAIRPERSON.—The President shall designate
 8 1 of the appointive members of the Museum Board as
 9 Chairperson of the Museum Board.

10 “(f) MEETINGS.—

11 “(1) IN GENERAL.—The Museum Board shall
 12 meet—

13 “(A) not less than 3 times each year, in-
 14 cluding—

15 “(i) not less than 2 times each year
 16 separately; and

17 “(ii) not less than 1 time each year in
 18 a joint meeting with the Commission, con-
 19 vened for purposes of making general poli-
 20 cies with respect to financial assistance for
 21 projects described in section 262(a)(4);
 22 and

23 “(B) at the call of the Director.

24 “(2) VOTE.—All decisions by the Museum
 25 Board with respect to the exercise of the duties and

1 powers of the Museum Board shall be made by a
2 majority vote of the members of the Museum Board
3 who are present. All decisions by the Commission
4 and the Museum Board with respect to the policies
5 described in paragraph (1)(A)(ii) shall be made by
6 a $\frac{2}{3}$ majority vote of the total number of the mem-
7 bers of the Commission and the Museum Board who
8 are present.

9 “(g) QUORUM.—A majority of the members of the
10 Museum Board shall constitute a quorum for the conduct
11 of business at official meetings of the Museum Board, but
12 a lesser number of members may hold hearings. A major-
13 ity of the members of the Commission and a majority of
14 the members of the Museum Board shall constitute a
15 quorum for the conduct of business at official joint meet-
16 ings of the Commission and the Museum Board.

17 “(h) COMPENSATION AND TRAVEL EXPENSES.—

18 “(1) COMPENSATION.—Each member of the
19 Museum Board who is not an officer or employee of
20 the Federal Government may be compensated at a
21 rate to be fixed by the President, but not to exceed
22 the daily equivalent of the maximum rate authorized
23 for a position above grade GS–15 of the General
24 Schedule under section 5108 of title 5, United
25 States Code, for each day (including travel time)

1 during which such member is engaged in the per-
2 formance of the duties of the Museum Board. All
3 members of the Museum Board who are officers or
4 employees of the Federal Government shall serve
5 without compensation in addition to compensation
6 received for their services as officers or employees of
7 the Federal Government.

8 “(2) TRAVEL EXPENSES.—The members of the
9 Museum Board may be allowed travel expenses, in-
10 cluding per diem in lieu of subsistence, in the same
11 amounts and to the same extent, as authorized
12 under section 5703 of title 5, United States Code,
13 for persons employed intermittently in Federal Gov-
14 ernment service.

15 “(i) COORDINATION.—The Museum Board, with the
16 advice of the Director, shall take steps to ensure that the
17 policies and activities of the Institute are coordinated with
18 other activities of the Federal Government.

19 **“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.**

20 “(a) GRANTS.—For the purpose of carrying out this
21 subtitle, there are authorized to be appropriated to the Di-
22 rector \$28,700,000 for the fiscal year 1997, and such
23 sums as may be necessary for each of the fiscal years 1998
24 through 2002.

1 “(b) ADMINISTRATION.—Not more than 10 percent
2 of the funds appropriated under this section for a fiscal
3 year may be used to pay for the administrative costs of
4 carrying out this subtitle.

5 “(c) SUMS REMAINING AVAILABLE.—Sums appro-
6 priated pursuant to subsection (a) for any fiscal year shall
7 remain available for obligation until expended.”.

8 **SEC. 202. NATIONAL COMMISSION ON LIBRARIES AND IN-**
9 **FORMATION SCIENCE.**

10 (a) FUNCTIONS.—Section 5 of the National Commis-
11 sion on Libraries and Information Science Act (20 U.S.C.
12 1504) is amended—

13 (1) by redesignating subsections (b) through (d)
14 as subsections (d) through (f), respectively; and

15 (2) by inserting after subsection (a) the follow-
16 ing:

17 “(b) The Commission shall have the responsibility to
18 advise the Director of the Institute of Museum and Li-
19 brary Services on general policies with respect to the du-
20 ties, powers, and authority of the Institute of Museum and
21 Library Services relating to library services, including—

22 “(1) general policies with respect to—

23 “(A) financial assistance awarded under
24 the Museum and Library Services Act for li-
25 brary services; and

1 “(B) projects described in section
2 262(a)(4) of such Act; and

3 “(2) measures to ensure that the policies and
4 activities of the Institute of Museum and Library
5 Services are coordinated with other activities of the
6 Federal Government.

7 “(c)(1) The Commission shall meet not less than 1
8 time each year in a joint meeting with the National Mu-
9 seum Services Board, convened for purposes of providing
10 advice on general policy with respect to financial assist-
11 ance for projects described in section 262(a)(4) of such
12 Act.

13 “(2) All decisions by the Commission and the Na-
14 tional Museum Services Board with respect to the advice
15 on general policy described in paragraph (1) shall be made
16 by a $\frac{2}{3}$ majority vote of the total number of the members
17 of the Commission and the National Museum Services
18 Board who are present.

19 “(3) A majority of the members of the Commission
20 and a majority of the members of the National Museum
21 Services Board shall constitute a quorum for the conduct
22 of business at official joint meetings of the Commission
23 and the National Museum Services Board.”.

1 (b) MEMBERSHIP.—Section 6 of the National Com-
2 mission on Libraries and Information Science Act (20
3 U.S.C. 1505) is amended—

4 (1) in subsection (a)—

5 (A) in the first sentence, by striking “Li-
6 brarian of Congress” and inserting “Librarian
7 of Congress, the Director of the Institute of
8 Museum and Library Services (who shall serve
9 as an ex officio, nonvoting member),”;

10 (B) in the second sentence—

11 (i) by striking “special competence or
12 interest in” and inserting “special com-
13 petence in or knowledge of”; and

14 (ii) by inserting before the period the
15 following: “and at least one other of whom
16 shall be knowledgeable with respect to the
17 library and information service and science
18 needs of the elderly”;

19 (C) in the third sentence, by inserting “ap-
20 pointive” before “members”; and

21 (D) in the last sentence, by striking “term
22 and at least” and all that follows and inserting
23 “term.”; and

24 (2) in subsection (b), by striking “the rate spec-
25 ified” and all that follows through “and while” and

1 inserting “the daily equivalent of the maximum rate
 2 authorized for a position above grade GS–15 of the
 3 General Schedule under section 5108 of title 5,
 4 United States Code, for each day (including travel-
 5 time) during which the members are engaged in the
 6 business of the Commission. While”.

7 **SEC. 203. TRANSFER OF FUNCTIONS FROM INSTITUTE OF**
 8 **MUSEUM SERVICES.**

9 (a) DEFINITIONS.—For purposes of this section, un-
 10 less otherwise provided or indicated by the context—

11 (1) the term “Federal agency” has the meaning
 12 given to the term “agency” by section 551(1) of title
 13 5, United States Code;

14 (2) the term “function” means any duty, obli-
 15 gation, power, authority, responsibility, right, privi-
 16 lege, activity, or program; and

17 (3) the term “office” includes any office, ad-
 18 ministration, agency, institute, unit, organizational
 19 entity, or component thereof.

20 (b) TRANSFER OF FUNCTIONS FROM THE INSTITUTE
 21 OF MUSEUM SERVICES AND THE LIBRARY PROGRAM OF-
 22 FICE.—There are transferred to the Director of the Insti-
 23 tute of Museum and Library Services established under
 24 section 203 of the Museum and Library Services Act—

1 (1) all functions that the Director of the Insti-
2 tute of Museum Services exercised before the date of
3 enactment of this section (including all related func-
4 tions of any officer or employee of the Institute of
5 Museum Services); and

6 (2) all functions that the Director of Library
7 Programs in the Office of Educational Research and
8 Improvement in the Department of Education exer-
9 cised before the date of enactment of this section
10 and any related function of any officer or employee
11 of the Department of Education.

12 (c) DETERMINATIONS OF CERTAIN FUNCTIONS BY
13 THE OFFICE OF MANAGEMENT AND BUDGET.—If nec-
14 essary, the Office of Management and Budget shall make
15 any determination of the functions that are transferred
16 under subsection (b).

17 (d) DELEGATION AND ASSIGNMENT.—Except where
18 otherwise expressly prohibited by law or otherwise pro-
19 vided by this section, the Director of the Institute of Mu-
20 seum and Library Services may delegate any of the func-
21 tions transferred to the Director of the Institute of Mu-
22 seum and Library Services by this section and any func-
23 tion transferred or granted to such Director of the Insti-
24 tute of Museum and Library Services after the effective
25 date of this section to such officers and employees of the

1 Institute of Museum and Library Services as the Director
2 of the Institute of Museum and Library Services may des-
3 ignate, and may authorize successive redelegations of such
4 functions as may be necessary or appropriate, except that
5 any delegation of any such functions with respect to librar-
6 ies shall be made to the Deputy Director of the Office
7 of Library Services and with respect to museums shall be
8 made to the Deputy Director of the Office of Museum
9 Services. No delegation of functions by the Director of the
10 Institute of Museum and Library Services under this sec-
11 tion or under any other provision of this section shall re-
12 lieve such Director of the Institute of Museum and Li-
13 brary Services of responsibility for the administration of
14 such functions.

15 (e) REORGANIZATION.—The Director of the Institute
16 of Museum and Library Services may allocate or reallocate
17 any function transferred under subsection (b) among the
18 officers of the Institute of Museum and Library Services,
19 and may establish, consolidate, alter, or discontinue such
20 organizational entities in the Institute of Museum and Li-
21 brary Services as may be necessary or appropriate.

22 (f) RULES.—The Director of the Institute of Museum
23 and Library Services may prescribe, in accordance with
24 chapters 5 and 6 of title 5, United States Code, such rules
25 and regulations as the Director of the Institute of Museum

1 and Library Services determines to be necessary or appro-
2 priate to administer and manage the functions of the In-
3 stitute of Museum and Library Services.

4 (g) TRANSFER AND ALLOCATIONS OF APPROPRIA-
5 TIONS AND PERSONNEL.—Except as otherwise provided
6 in this section, the personnel employed in connection with,
7 and the assets, liabilities, contracts, property, records, and
8 unexpended balances of appropriations, authorizations, al-
9 locations, and other funds employed, used, held, arising
10 from, available to, or to be made available in connection
11 with the functions transferred by this section, subject to
12 section 1531 of title 31, United States Code, shall be
13 transferred to the Institute of Museum and Library Serv-
14 ices. Unexpended funds transferred pursuant to this sub-
15 section shall be used only for the purposes for which the
16 funds were originally authorized and appropriated.

17 (h) INCIDENTAL TRANSFERS.—The Director of the
18 Office of Management and Budget, at such time or times
19 as the Director shall provide, may make such determina-
20 tions as may be necessary with regard to the functions
21 transferred by this section, and make such additional inci-
22 dental dispositions of personnel, assets, liabilities, grants,
23 contracts, property, records, and unexpended balances of
24 appropriations, authorizations, allocations, and other
25 funds held, used, arising from, available to, or to be made

1 available in connection with such functions, as may be nec-
2 essary to carry out this section. The Director of the Office
3 of Management and Budget shall provide for the termi-
4 nation of the affairs of all entities terminated by this sec-
5 tion and for such further measures and dispositions as
6 may be necessary to effectuate the purposes of this sec-
7 tion.

8 (i) EFFECT ON PERSONNEL.—

9 (1) IN GENERAL.—Except as otherwise pro-
10 vided by this section, the transfer pursuant to this
11 section of full-time personnel (except special Govern-
12 ment employees) and part-time personnel holding
13 permanent positions shall not cause any such em-
14 ployee to be separated or reduced in grade or com-
15 pensation for 1 year after the date of transfer of
16 such employee under this section.

17 (2) EXECUTIVE SCHEDULE POSITIONS.—Except
18 as otherwise provided in this section, any person
19 who, on the day preceding the effective date of this
20 section, held a position compensated in accordance
21 with the Executive Schedule prescribed in chapter
22 53 of title 5, United States Code, and who, without
23 a break in service, is appointed in the Institute of
24 Museum and Library Services to a position having
25 duties comparable to the duties performed imme-

1 diately preceding such appointment shall continue to
2 be compensated in such new position at not less
3 than the rate provided for such previous position, for
4 the duration of the service of such person in such
5 new position.

6 (j) SAVINGS PROVISIONS.—

7 (1) CONTINUING EFFECT OF LEGAL DOCU-
8 MENTS.—All orders, determinations, rules, regula-
9 tions, permits, agreements, grants, contracts, certifi-
10 cates, licenses, registrations, privileges, and other
11 administrative actions—

12 (A) that have been issued, made, granted,
13 or allowed to become effective by the President,
14 any Federal agency or official of a Federal
15 agency, or by a court of competent jurisdiction,
16 in the performance of functions that are trans-
17 ferred under this section; and

18 (B) that were in effect before the effective
19 date of this section, or were final before the ef-
20 fective date of this section and are to become
21 effective on or after the effective date of this
22 section;

23 shall continue in effect according to their terms until
24 modified, terminated, superseded, set aside, or re-
25 voked in accordance with law by the President, the

1 Director of the Institute of Museum and Library
2 Services or other authorized official, a court of com-
3 petent jurisdiction, or by operation of law.

4 (2) PROCEEDINGS NOT AFFECTED.—This sec-
5 tion shall not affect any proceedings, including no-
6 tices of proposed rulemaking, or any application for
7 any license, permit, certificate, or financial assist-
8 ance pending before the Institute of Museum Serv-
9 ices on the effective date of this section, with respect
10 to functions transferred by this section. Such pro-
11 ceedings and applications shall be continued. Orders
12 shall be issued in such proceedings, appeals shall be
13 taken from the orders, and payments shall be made
14 pursuant to the orders, as if this section had not
15 been enacted, and orders issued in any such proceed-
16 ings shall continue in effect until modified, termi-
17 nated, superseded, or revoked by a duly authorized
18 official, by a court of competent jurisdiction, or by
19 operation of law. Nothing in this paragraph shall be
20 construed to prohibit the discontinuance or modifica-
21 tion of any such proceeding under the same terms
22 and conditions and to the same extent that such pro-
23 ceeding could have been discontinued or modified if
24 this section had not been enacted.

1 (3) SUITS NOT AFFECTED.—This section shall
2 not affect suits commenced before the effective date
3 of this section, and in all such suits, proceedings
4 shall be had, appeals taken, and judgments rendered
5 in the same manner and with the same effect as if
6 this section had not been enacted.

7 (4) NONABATEMENT OF ACTIONS.—No suit, ac-
8 tion, or other proceeding commenced by or against
9 the Institute of Museum Services, or by or against
10 any individual in the official capacity of such individ-
11 ual as an officer of the Institute of Museum Serv-
12 ices, shall abate by reason of the enactment of this
13 section.

14 (5) ADMINISTRATIVE ACTIONS RELATING TO
15 PROMULGATION OF REGULATIONS.—Any administra-
16 tive action relating to the preparation or promulga-
17 tion of a regulation by the Institute of Museum
18 Services relating to a function transferred under this
19 section may be continued by the Institute of Mu-
20 seum and Library Services with the same effect as
21 if this section had not been enacted.

22 (k) TRANSITION.—The Director of the Institute of
23 Museum and Library Services may utilize—

24 (1) the services of such officers, employees, and
25 other personnel of the Institute of Museum Services

1 with respect to functions transferred to the Institute
2 of Museum and Library Services by this section; and

3 (2) funds appropriated to such functions for
4 such period of time as may reasonably be needed to
5 facilitate the orderly implementation of this section.

6 (l) REFERENCES.—A reference in any other Federal
7 law, Executive order, rule, regulation, or delegation of au-
8 thority, or any document of or relating to—

9 (1) the Director of the Institute of Museum
10 Services with regard to functions transferred under
11 subsection (b), shall be deemed to refer to the Direc-
12 tor of the Institute of Museum and Library Services;
13 and

14 (2) the Institute of Museum Services with re-
15 gard to functions transferred under subsection (b),
16 shall be deemed to refer to the Institute of Museum
17 and Library Services.

18 (m) ADDITIONAL CONFORMING AMENDMENTS.—

19 (1) RECOMMENDED LEGISLATION.—After con-
20 sultation with the appropriate committees of Con-
21 gress and the Director of the Office of Management
22 and Budget, the Director of the Institute of Museum
23 and Library Services shall prepare and submit to the
24 appropriate committees of Congress recommended
25 legislation containing technical and conforming

1 amendments to reflect the changes made by this sec-
2 tion.

3 (2) SUBMISSION TO CONGRESS.—Not later than
4 6 months after the effective date of this section, the
5 Director of the Institute of Museum and Library
6 Services shall submit to the appropriate committees
7 of Congress the recommended legislation referred to
8 under paragraph (1).

9 **SEC. 204. SERVICE OF INDIVIDUALS SERVING ON DATE OF**
10 **ENACTMENT.**

11 Notwithstanding section 204 of the Museum and Li-
12 brary Services Act, the individual who was appointed to
13 the position of Director of the Institute of Museum Serv-
14 ices under section 205 of the Museum Services Act (as
15 such section was in effect on the day before the date of
16 enactment of this Act) and who is serving in such position
17 on the day before the date of enactment of this Act shall
18 serve as the first Director of the Institute of Museum and
19 Library Services under section 204 of the Museum and
20 Library Services Act (as added by section 201 of this
21 title), and shall serve at the pleasure of the President.

22 **SEC. 205. CONSIDERATION.**

23 Consistent with title 5, United States Code, in ap-
24 pointing employees of the Office of Library Services, the
25 Director of the Institute of Museum and Library Services

1 shall give strong consideration to individuals with experi-
2 ence in administering State-based and national library and
3 information services programs.

4 **SEC. 206. TRANSITION AND TRANSFER OF FUNDS.**

5 (a) TRANSITION.—The Director of the Office of Man-
6 agement and Budget shall take appropriate measures to
7 ensure an orderly transition from the activities previously
8 administered by the Director of Library Programs in the
9 Office of Educational Research and Improvement in the
10 Department of Education to the activities administered by
11 the Institute for Museum and Library Services under this
12 title. Such measures may include the transfer of appro-
13 priated funds.

14 (b) TRANSFER.—The Secretary of Education shall
15 transfer to the Director the amount of funds necessary
16 to ensure the orderly transition from activities previously
17 administered by the Director of the Office of Library Pro-
18 grams in the Office of Educational Research and Improve-
19 ment in the Department of Education to the activities ad-
20 ministered by the Institute for Museum and Library Serv-
21 ices. In no event shall the amount of funds transferred
22 pursuant to the preceding sentence be less than \$200,000.

TITLE III—EXTENSION OF PROGRAMS

SEC. 301. EXTENSION OF NATIONAL LITERACY ACT OF 1991.

(a) NATIONAL WORKFORCE LITERACY ASSISTANCE COLLABORATIVE.—Subsection (c) of section 201 of the National Literacy Act of 1991 (20 U.S.C. 1211–1(c)) is amended by striking “\$5,000,000” and all that follows through the period and inserting “such sums as may be necessary for fiscal year 1997.”.

(b) FUNCTIONAL LITERACY AND LIFE SKILLS PROGRAM FOR STATE AND LOCAL PRISONERS.—Paragraph (3) of section 601(i) of the National Literacy Act of 1991 (20 U.S.C. 1211–2(i)) is amended by striking “\$10,000,000” and all that follows through the period and inserting “such sums as may be necessary for fiscal year 1997.”.

SEC. 302. ADULT EDUCATION ACT AMENDMENTS.

The Adult Education Act (20 U.S.C. 1201 et seq.) is amended—

(1) in section 312—

(A) in each of subparagraphs (A) and (B) of paragraph (11), by moving the margins two ems to the right;

1 (B) in each of paragraphs (11) through
2 (15), by moving the margins two ems to the
3 right; and

4 (C) by adding at the end the following:

5 “(16) The term ‘family literacy services’ means
6 services that are of sufficient intensity in terms of
7 hours, and of sufficient duration, to make sustain-
8 able changes in a family and that integrate all of the
9 following activities:

10 “(A) Interactive literacy activities between
11 parents and their children.

12 “(B) Training for parents on how to be the
13 primary teacher for their children and full part-
14 ners in the education of their children.

15 “(C) Parent literacy training.

16 “(D) An age-appropriate education pro-
17 gram for children.”;

18 (2) in section 313(a), by striking “the fiscal
19 year 1991,” and all that follows through “1995”
20 and inserting “fiscal year 1997”;

21 (3) in section 321, by inserting “and family lit-
22 eracy services” after “and activities”;

23 (4) in the first sentence of section 322(a)(1), by
24 inserting “and family literacy services” after “adult
25 education programs”;

1 (5) in section 341(a), by inserting “and for
2 family literacy services” after “adult education”;

3 (6) in section 356(k), by striking
4 “\$25,000,000” and all that follows through the pe-
5 riod and inserting “such sums as may be necessary
6 for fiscal year 1997.”;

7 (7) in section 371(e)(1), by striking “the fiscal
8 year 1991,” and all that follows through the period
9 and inserting “fiscal year 1997.”;

10 (8) in section 384, by striking subsections (c)
11 through (n); and

12 (9) by adding at the end the following:

13 **“SEC. 386. NATIONAL INSTITUTE FOR LITERACY.**

14 “(a) ESTABLISHMENT.—

15 “(1) IN GENERAL.—There is established the
16 National Institute for Literacy (in this section re-
17 ferred to as the ‘Institute’). The Institute shall be
18 administered under the terms of an interagency
19 agreement entered into by the Secretary of Edu-
20 cation with the Secretary of Labor and the Secretary
21 of Health and Human Services (in this section re-
22 ferred to as the ‘Interagency Group’). The Inter-
23 agency Group may include in the Institute any re-
24 search and development center, institute, or clear-
25 ingshouse established within the Department of Edu-

1 cation, the Department of Labor, or the Department
2 of Health and Human Services whose purpose is de-
3 termined by the Interagency Group to be related to
4 the purpose of the Institute.

5 “(2) OFFICES.—The Institute shall have offices
6 separate from the offices of the Department of Edu-
7 cation, the Department of Labor, and the Depart-
8 ment of Health and Human Services.

9 “(3) BOARD RECOMMENDATIONS.—The Inter-
10 agency Group shall consider the recommendations of
11 the National Institute for Literacy Advisory Board
12 (in this section referred to as the ‘Board’) estab-
13 lished under subsection (d) in planning the goals of
14 the Institute and in the implementation of any pro-
15 grams to achieve such goals.

16 “(4) DAILY OPERATIONS.—The daily operations
17 of the Institute shall be carried out by the Director
18 of the Institute appointed under subsection (g).

19 “(b) DUTIES.—

20 “(1) IN GENERAL.—The Institute shall improve
21 the quality and accountability of the adult basic
22 skills and literacy delivery system by—

23 “(A) providing national leadership for the
24 improvement and expansion of the system for
25 delivery of literacy services;

1 “(B) coordinating the delivery of such
2 services across Federal agencies;

3 “(C) identifying effective models of basic
4 skills and literacy education for adults and fam-
5 ilies that are essential to success in job train-
6 ing, work, the family, and the community;

7 “(D) supporting the creation of new meth-
8 ods of offering improved literacy services;

9 “(E) funding a network of State or re-
10 gional adult literacy resource centers to assist
11 State and local public and private nonprofit ef-
12 forts to improve literacy by—

13 “(i) encouraging the coordination of
14 literacy services;

15 “(ii) carrying out evaluations of the
16 effectiveness of adult education and lit-
17 eracy activities;

18 “(iii) enhancing the capacity of State
19 and local organizations to provide literacy
20 services; and

21 “(iv) serving as a reciprocal link be-
22 tween the Institute and providers of adult
23 education and literacy activities for the
24 purpose of sharing information, data, re-
25 search, expertise, and literacy resources;

1 “(F) supporting the development of models
2 at the State and local level of accountability
3 systems that consist of goals, performance
4 measures, benchmarks, and assessments that
5 can be used to improve the quality of adult edu-
6 cation and literacy activities;

7 “(G) providing information, and other pro-
8 gram improvement activities to national, State,
9 and local organizations, such as—

10 “(i) improving the capacity of na-
11 tional, State, and local public and private
12 organizations that provide literacy and
13 basic skills services, professional develop-
14 ment, and technical assistance, such as the
15 State or regional adult literacy resource
16 centers referred to in subparagraph (E);
17 and

18 “(ii) establishing a national literacy
19 electronic database and communications
20 network;

21 “(H) working with the Interagency Group,
22 Federal agencies, and the Congress to ensure
23 that such Group, agencies, and the Congress
24 have the best information available on literacy
25 and basic skills programs in formulating Fed-

1 eral policy with respect to the issues of literacy,
2 basic skills, and workforce and career develop-
3 ment; and

4 “(I) assisting with the development of pol-
5 icy with respect to literacy and basic skills.

6 “(2) GRANTS, CONTRACTS, AND AGREE-
7 MENTS.—The Institute may make grants to, or
8 enter into contracts or cooperative agreements with,
9 individuals, public or private institutions, agencies,
10 organizations, or consortia of such institutions,
11 agencies, or organizations to carry out the activities
12 of the Institute. Such grants, contracts, or agree-
13 ments shall be subject to the laws and regulations
14 that generally apply to grants, contracts, or agree-
15 ments entered into by Federal agencies.

16 “(c) LITERACY LEADERSHIP.—

17 “(1) FELLOWSHIPS.—The Institute, in con-
18 sultation with the Board, may award fellowships,
19 with such stipends and allowances as the Director
20 considers necessary, to outstanding individuals pur-
21 suing careers in adult education or literacy in the
22 areas of instruction, management, research, or inno-
23 vation.

24 “(2) USE OF FELLOWSHIPS.—Fellowships
25 awarded under this subsection shall be used, under

1 the auspices of the Institute, to engage in research,
2 education, training, technical assistance, or other ac-
3 tivities to advance the field of adult education or lit-
4 eracy, including the training of volunteer literacy
5 providers at the national, State, or local level.

6 “(3) INTERNS AND VOLUNTEERS.—The Insti-
7 tute, in consultation with the Board, may award
8 paid and unpaid internships to individuals seeking to
9 assist the Institute in carrying out its mission. Not-
10 withstanding section 1342 of title 31, United States
11 Code, the Institute may accept and use voluntary
12 and uncompensated services as the Institute deter-
13 mines necessary.

14 “(d) NATIONAL INSTITUTE FOR LITERACY ADVISORY
15 BOARD.—

16 “(1) ESTABLISHMENT.—

17 “(A) IN GENERAL.—There is established a
18 National Institute for Literacy Advisory Board.
19 The Board shall consist of 10 individuals ap-
20 pointed by the President, with the advice and
21 consent of the Senate, from individuals who—

22 “(i) are not otherwise officers or em-
23 ployees of the Federal Government; and

24 “(ii) are representative of entities or
25 groups described in subparagraph (B).

1 “(B) ENTITIES OR GROUPS DESCRIBED.—

2 The entities or groups referred to in subpara-
3 graph (A) are—

4 “(i) literacy organizations and provid-
5 ers of literacy services, including—

6 “(I) nonprofit providers of lit-
7 eracy services;

8 “(II) providers of programs and
9 services involving English language in-
10 struction; and

11 “(III) providers of services re-
12 ceiving assistance under this title;

13 “(ii) businesses that have dem-
14 onstrated interest in literacy programs;

15 “(iii) literacy students;

16 “(iv) experts in the area of literacy re-
17 search;

18 “(v) State and local governments; and

19 “(vi) representatives of employees.

20 “(2) DUTIES.—The Board—

21 “(A) shall make recommendations concern-
22 ing the appointment of the Director and staff
23 of the Institute;

24 “(B) shall provide independent advice on
25 the operation of the Institute; and

1 “(C) shall receive reports from the Inter-
2 agency Group and the Director.

3 “(3) FEDERAL ADVISORY COMMITTEE ACT.—
4 Except as otherwise provided, the Board established
5 by this subsection shall be subject to the provisions
6 of the Federal Advisory Committee Act (5 U.S.C.
7 App.).

8 “(4) TERMS.—

9 “(A) IN GENERAL.—Each member of the
10 Board shall be appointed for a term of 3 years,
11 except that the initial terms for members may
12 be 1, 2, or 3 years in order to establish a rota-
13 tion in which $\frac{1}{3}$ of the members are selected
14 each year. Any such member may be appointed
15 for not more than 2 consecutive terms.

16 “(B) VACANCY APPOINTMENTS.—Any
17 member appointed to fill a vacancy occurring
18 before the expiration of the term for which the
19 member’s predecessor was appointed shall be
20 appointed only for the remainder of that term.
21 A member may serve after the expiration of
22 that member’s term until a successor has taken
23 office. A vacancy in the Board shall be filled in
24 the manner in which the original appointment

1 was made. A vacancy in the Board shall not af-
2 fect the powers of the Board.

3 “(5) QUORUM.—A majority of the members of
4 the Board shall constitute a quorum but a lesser
5 number may hold hearings. Any recommendation of
6 the Board may be passed only by a majority of the
7 Board’s members present.

8 “(6) ELECTION OF OFFICERS.—The Chair-
9 person and Vice Chairperson of the Board shall be
10 elected by the members of the Board. The term of
11 office of the Chairperson and Vice Chairperson shall
12 be 2 years.

13 “(7) MEETINGS.—The Board shall meet at the
14 call of the Chairperson or a majority of the members
15 of the Board.

16 “(e) GIFTS, BEQUESTS, AND DEVISES.—The Insti-
17 tute may accept, administer, and use gifts or donations
18 of services, money, or property, both real and personal.

19 “(f) MAILS.—The Board and the Institute may use
20 the United States mails in the same manner and under
21 the same conditions as other departments and agencies of
22 the Federal Government.

23 “(g) DIRECTOR.—The Interagency Group, after con-
24 sidering recommendations made by the Board, shall ap-
25 point and fix the pay of a Director.

1 “(h) APPLICABILITY OF CERTAIN CIVIL SERVICE
2 LAWS.—The Director and staff of the Institute may be
3 appointed without regard to the provisions of title 5, Unit-
4 ed States Code, governing appointments in the competitive
5 service, and may be paid without regard to the provisions
6 of chapter 51 and subchapter III of chapter 53 of that
7 title relating to classification and General Schedule pay
8 rates, except that an individual so appointed may not re-
9 ceive pay in excess of the maximum rate payable under
10 section 5376 of title 5, United States Code.

11 “(i) EXPERTS AND CONSULTANTS.—The Board and
12 the Institute may procure temporary and intermittent
13 services under section 3109(b) of title 5, United States
14 Code.

15 “(j) REPORT.—The Institute shall submit a report bi-
16 ennially to the Committee on Economic and Educational
17 Opportunities of the House of Representatives and the
18 Committee on Labor and Human Resources of the Senate.
19 Each report submitted under this subsection shall in-
20 clude—

21 “(1) a comprehensive and detailed description
22 of the Institute’s operations, activities, financial con-
23 dition, and accomplishments in the field of literacy
24 for the period covered by the report;

1 “(2) a description of how plans for the oper-
 2 ation of the Institute for the succeeding two fiscal
 3 years will facilitate achievement of the goals of the
 4 Institute and the goals of the literacy programs
 5 within the Department of Education, the Depart-
 6 ment of Labor, and the Department of Health and
 7 Human Services; and

8 “(3) any additional minority, or dissenting
 9 views submitted by members of the Board.

10 “(k) FUNDING.—Any amounts appropriated to the
 11 Secretary of Education, the Secretary of Labor, or the
 12 Secretary of Health and Human Services for purposes
 13 that the Institute is authorized to perform under this sec-
 14 tion may be provided to the Institute for such purposes.

15 “(l) AUTHORIZATION OF APPROPRIATIONS.—There
 16 are authorized to be appropriated \$10,000,000 for fiscal
 17 year 1997 and such sums as may be necessary for each
 18 of the fiscal years 1998 through 2002 to carry out this
 19 section.”.

20 **SEC. 303. EXTENSION OF CARL D. PERKINS VOCATIONAL**
 21 **AND APPLIED TECHNOLOGY EDUCATION**
 22 **ACT.**

23 Subsection (a) of section 3 of the Carl D. Perkins
 24 Vocational and Applied Technology Act is amended by
 25 striking “appropriated” and all that follows through

1 “1995” and inserting “appropriated for fiscal year 1997
2 such sums as may be necessary”.

3 **TITLE IV—REPEALS AND**
4 **CONFORMING AMENDMENTS**

5 **SEC. 401. REPEALS.**

6 (a) GENERAL IMMEDIATE REPEALS.—The following
7 provisions are repealed:

8 (1) Section 204 of the Immigration Reform and
9 Control Act of 1986 (8 U.S.C. 1255a note).

10 (2) Title II of Public Law 95–250 (92 Stat.
11 172).

12 (3) The Library Services and Construction Act
13 (20 U.S.C. 351 et seq.).

14 (4) Part F of the Technology for Education Act
15 of 1994 (contained in title III of the Elementary
16 and Secondary Education Act of 1965 (20 U.S.C.
17 7001 et seq.)).

18 (5) Section 211 of the Appalachian Regional
19 Development Act of 1965 (40 U.S.C. App. 211).

20 (6) Title VII of the Stewart B. McKinney
21 Homeless Assistance Act (42 U.S.C. 11421 et seq.),
22 except subtitle B and section 738 of such title (42
23 U.S.C. 11431 et seq. and 11448).

24 (b) IMMEDIATE REPEAL OF HIGHER EDUCATION
25 ACT OF 1965 PROVISIONS.—The following provisions of

1 the Higher Education Act of 1965 (20 U.S.C. 1001 et
2 seq.) are repealed:

3 (1) Part B of title I (20 U.S.C. 1011 et seq.),
4 relating to articulation agreements.

5 (2) Part C of title I (20 U.S.C. 1015 et seq.),
6 relating to access and equity to education for all
7 Americans through telecommunications.

8 (3) Title II (20 U.S.C. 1021 et seq.), relating
9 to academic libraries and information services.

10 (4) Chapter 3 of subpart 2 of part A of title IV
11 (20 U.S.C. 1070a–31 et seq.), relating to presi-
12 dential access scholarships.

13 (5) Chapter 4 of subpart 2 of part A of title IV
14 (20 U.S.C. 1070a–41 et seq.), relating to model pro-
15 gram community partnerships and counseling
16 grants.

17 (6) Section 409B (20 U.S.C. 1070a–52), relat-
18 ing to an early awareness information program.

19 (7) Chapter 8 of subpart 2 of part A of title IV
20 (20 U.S.C. 1070a–81), relating to technical assist-
21 ance for teachers and counselors.

22 (8) Subpart 8 of part A of title IV (20 U.S.C.
23 1070f), relating to special child care services for dis-
24 advantaged college students.

1 (9) Section 428J (20 U.S.C. 1078–10), relating
2 to loan forgiveness for teachers, individuals perform-
3 ing national community service and nurses.

4 (10) Section 486 (20 U.S.C. 1093), relating to
5 training in financial aid services.

6 (11) Subpart 1 of part H of title IV (20 U.S.C.
7 1099a et seq.) relating to State postsecondary re-
8 view programs.

9 (12) Part A of title V (20 U.S.C. 1102 et seq.),
10 relating to State and local programs for teacher ex-
11 cellence.

12 (13) Part B of title V (20 U.S.C. 1103 et seq.),
13 relating to national teacher academies.

14 (14) Subpart 1 of part C of title V (20 U.S.C.
15 1104 et seq.), relating to Paul Douglas teacher
16 scholarships.

17 (15) Subpart 3 of part C of title V (20 U.S.C.
18 1106 et seq.), relating to the teacher corps.

19 (16) Subpart 3 of part D of title V (20 U.S.C.
20 1109 et seq.), relating to class size demonstration
21 grants.

22 (17) Subpart 4 of part D of title V (20 U.S.C.
23 1110 et seq.), relating to middle school teaching
24 demonstration programs.

1 (18) Subpart 1 of part E of title V (20 U.S.C.
2 1111 et seq.), relating to new teaching careers.

3 (19) Subpart 1 of part F of title V (20 U.S.C.
4 1113), relating to the national mini corps programs.

5 (20) Section 586 (20 U.S.C. 1114), relating to
6 demonstration grants for critical language and area
7 studies.

8 (21) Section 587 (20 U.S.C. 1114a), relating to
9 development of foreign languages and cultures in-
10 structional materials.

11 (22) Subpart 4 of part F of title V (20 U.S.C.
12 1116), relating to faculty development grants.

13 (23) Section 597 and subsection (b) of section
14 599 (20 U.S.C. 1117a and 1117c), relating to early
15 childhood staff training and professional enhance-
16 ment.

17 (24) Section 605 (20 U.S.C. 1124a), relating to
18 intensive summer language institutes.

19 (25) Section 607 (20 U.S.C. 1125a), relating to
20 periodicals and other research material published
21 outside the United States.

22 (26) Part A of title VII (20 U.S.C. 1132b et
23 seq.), relating to improvement of academic and li-
24 brary facilities.

1 (27) Title VIII (20 U.S.C. 1133 et seq.), relat-
2 ing to cooperative education programs.

3 (28) Part D of title X (20 U.S.C. 1135f), relat-
4 ing to the Dwight D. Eisenhower leadership pro-
5 gram.

6 (c) IMMEDIATE REPEAL OF EDUCATION AMEND-
7 MENTS OF 1986 PROVISIONS.—The following provisions
8 of the Higher Education Amendments of 1986 are re-
9 pealed:

10 (1) Part D of title XIII (20 U.S.C. 1029 note),
11 relating to library resources.

12 (2) Part E of title XIII (20 U.S.C. 1221–1
13 note), relating to a National Academy of Science
14 study.

15 (3) Part B of title XV (20 U.S.C. 4441 et
16 seq.), relating to Native Hawaiian and Alaska Na-
17 tive culture and art development.

18 (d) IMMEDIATE REPEAL OF EDUCATION AMEND-
19 MENTS OF 1974 PROVISION.—Section 519 of the Edu-
20 cation Amendments of 1974 (20 U.S.C. 1221i) is re-
21 pealed.

22 (e) IMMEDIATE REPEAL OF EDUCATION AMEND-
23 MENTS OF 1992 PROVISIONS.—The following provisions
24 of the Higher Education Amendments of 1992 are re-
25 pealed:

1 (1) Part F of title XIII (25 U.S.C. 3351 et
2 seq.), relating to American Indian postsecondary
3 economic development scholarships.

4 (2) Part G of title XIII (25 U.S.C. 3371), re-
5 lating to American Indian teacher training.

6 (3) Section 1406 (20 U.S.C. 1221e–1 note), re-
7 lating to a national survey of factors associated with
8 participation.

9 (4) Section 1409 (20 U.S.C. 1132a note), relat-
10 ing to a study of environmental hazards in institu-
11 tions of higher education.

12 (5) Section 1412 (20 U.S.C. 1101 note), relat-
13 ing to a national job bank for teacher recruitment.

14 (6) Part B of title XV (20 U.S.C. 1452 note),
15 relating to a national clearinghouse for postsecond-
16 ary education materials.

17 (7) Part C of title XV (20 U.S.C. 1101 note),
18 relating to a school-based decisionmakers demonstra-
19 tion program.

20 (8) Part D of title XV (20 U.S.C. 1145h note),
21 relating to grants for sexual offenses education.

22 (9) Part E of title XV (20 U.S.C. 1070 note),
23 relating to Olympic scholarships.

1 (10) Part G of title XV (20 U.S.C. 1070a–11
2 note), relating to advanced placement fee payment
3 programs.

4 **SEC. 402. CONFORMING AMENDMENTS.**

5 (a) REFERENCES TO SECTION 204 OF THE IMMIGRA-
6 TION REFORM AND CONTROL ACT OF 1986.—The table
7 of contents for the Immigration Reform and Control Act
8 of 1986 is amended by striking the item relating to section
9 204 of such Act.

10 (b) REFERENCES TO TITLE II OF PUBLIC LAW 95–
11 250.—Section 103 of Public Law 95–250 (16 U.S.C. 791)
12 is amended—

13 (1) by striking the second sentence of sub-
14 section (a); and

15 (2) by striking the second sentence of sub-
16 section (b).

17 (c) REFERENCES TO LIBRARY SERVICES AND CON-
18 STRUCTION ACT.—

19 (1) TECHNOLOGY FOR EDUCATION ACT OF
20 1994.—The Technology for Education Act of 1994
21 (20 U.S.C. 6801 et seq.) is amended in section
22 3113(10) by striking “section 3 of the Library Serv-
23 ices and Construction Act;” and inserting “section
24 213 of the Library Services and Technology Act;”.

1 (2) OMNIBUS EDUCATION RECONCILIATION ACT
2 OF 1981.—Section 528 of the Omnibus Education
3 Reconciliation Act of 1981 (20 U.S.C. 3489) is
4 amended—

5 (A) by striking paragraph (12); and

6 (B) by redesignating paragraphs (13)
7 through (15) as paragraphs (12) through (14),
8 respectively.

9 (3) ELEMENTARY AND SECONDARY EDUCATION
10 ACT OF 1965.—Section 3113(10) of the Elementary
11 and Secondary Education Act of 1965 (20 U.S.C.
12 6813(10)) is amended by striking “section 3 of the
13 Library Services and Construction Act” and insert-
14 ing “section 213 of the Library Services and Tech-
15 nology Act”.

16 (4) COMMUNITY IMPROVEMENT VOLUNTEER
17 ACT OF 1994.—Section 7305 of the Community Im-
18 provement Volunteer Act of 1994 (40 U.S.C. 276d–
19 3) is amended—

20 (A) by striking paragraph (1); and

21 (B) by redesignating paragraphs (2)
22 through (6) as paragraphs (1) through (5), re-
23 spectively.

24 (5) APPALACHIAN REGIONAL DEVELOPMENT
25 ACT OF 1965.—Section 214(c) of the Appalachian

1 Regional Development Act of 1965 (40 U.S.C. App.
2 214(c)) is amended by striking “Library Services
3 and Construction Act;”.

4 (6) DEMONSTRATION CITIES AND METROPOLI-
5 TAN DEVELOPMENT ACT OF 1966.—Section 208(2) of
6 the Demonstration Cities and Metropolitan Develop-
7 ment Act of 1966 (42 U.S.C. 3338(2)) is amended
8 by striking “title II of the Library Services and Con-
9 struction Act;”.

10 (7) PUBLIC LAW 87–688.—Subsection (c) of the
11 first section of the Act entitled “An Act to extend
12 the application of certain laws to American Samoa”,
13 approved September 25, 1962 (48 U.S.C. 1666(c))
14 is amended by striking “the Library Services Act
15 (70 Stat. 293; 20 U.S.C. 351 et seq.),”.

16 (8) COMMUNICATIONS ACT OF 1934.—Para-
17 graph (4) of section 254(h) of the Communications
18 Act of 1934 (47 U.S.C. 254(h)(4)) is amended by
19 striking “library not eligible for participation in
20 State-based plans for funds under title III of the Li-
21 brary Services and Construction Act (20 U.S.C.
22 335c et seq.)” and inserting “library or library con-
23 sortium not eligible for assistance from a State li-
24 brary administrative agency under the Library Serv-
25 ices and Technology Act”.

1 (d) REFERENCE TO SCHOOL DROPOUT ASSISTANCE
2 ACT.—Section 441 of the General Education Provisions
3 Act (42 U.S.C. 1232d), as amended by section 261(f) of
4 the Improving America’s Schools Act of 1994, is further
5 amended by striking “(subject to the provisions of part
6 C of title V of the Elementary and Secondary Education
7 Act of 1965)”.

8 (e) REFERENCES TO TITLE VII OF THE STEWART
9 B. MCKINNEY HOMELESS ASSISTANCE ACT.—

10 (1) TABLE OF CONTENTS.—The table of con-
11 tents of the Stewart B. McKinney Homeless Assist-
12 ance Act (42 U.S.C. 1142 et seq.) is amended by
13 striking the items relating to title VII of such Act,
14 except subtitle B and section 738 of such title.

15 (2) TITLE 31, UNITED STATES CODE.—Section
16 6703(a) of title 31, United States Code, is amend-
17 ed—

18 (A) by striking paragraph (15); and

19 (B) by redesignating paragraphs (16)
20 through (19) as paragraphs (15) through (18),
21 respectively.

22 (f) REFERENCES TO INSTITUTE OF MUSEUM SERV-
23 ICES.—

1 (1) TITLE 5, UNITED STATES CODE.—Section
2 5315 of title 5, United States Code, is amended by
3 striking the following:

4 “Director of the Institute of Museum Services.”
5 and inserting the following:

6 “Director of the Institute of Museum and Li-
7 brary Services.”.

8 (2) DEPARTMENT OF EDUCATION ORGANIZA-
9 TION ACT.—Section 301 of the Department of Edu-
10 cation Organization Act (20 U.S.C. 3441) is amend-
11 ed—

12 (A) in subsection (a)—

13 (i) by striking paragraph (5); and

14 (ii) by redesignating paragraphs (6)
15 and (7) as paragraphs (5) and (6), respec-
16 tively; and

17 (B) in subsection (b)—

18 (i) by striking paragraph (4); and

19 (ii) by redesignating paragraphs (5)
20 through (7) as paragraphs (4) through (6),
21 respectively.

22 (3) ELEMENTARY AND SECONDARY EDUCATION
23 ACT OF 1965.—

24 (A) Sections 2101(b), 2205(c)(1)(D),
25 2208(d)(1)(H)(v), and 2209(b)(1)(C)(vi), and

1 subsections (d)(6) and (e)(2) of section 10401
2 of the Elementary and Secondary Education
3 Act of 1965 (20 U.S.C. 6621(b),
4 6645(c)(1)(D), 6648(d)(1)(H)(v),
5 6649(b)(1)(C)(vi), and 8091 (d)(6) and (e)(2))
6 are amended by striking “the Institute of Mu-
7 seum Services” and inserting “the Institute of
8 Museum and Library Services”.

9 (B) Section 10412(b) of such Act (20
10 U.S.C. 8102(b)) is amended—

11 (i) in paragraph (2), by striking “the
12 Director of the Institute of Museum Serv-
13 ices,” and inserting “the Director of the
14 Institute of Museum and Library Serv-
15 ices,”; and

16 (ii) in paragraph (7), by striking “the
17 Director of the Institute of Museum Serv-
18 ices,” and inserting “the Director of the
19 Institute of Museum and Library Serv-
20 ices,”.

21 (C) Section 10414(a)(2)(B) of such Act
22 (20 U.S.C. 8104(a)(2)(B)) is amended by strik-
23 ing clause (iii) and inserting the following new
24 clause:

1 “(iii) the Institute of Museum and Li-
2 brary Services.”.

3 (g) REFERENCES TO OFFICE OF LIBRARIES AND
4 LEARNING RESOURCES.—Section 413(b)(1) of the De-
5 partment of Education Organization Act (20 U.S.C.
6 3473(b)(1)) is amended—

7 (1) by striking subparagraph (H); and

8 (2) by redesignating subparagraphs (I) through
9 (M) as subparagraphs (H) through (L), respectively.

10 (h) REFERENCES TO STATE POSTSECONDARY RE-
11 VIEW ENTITY PROGRAMS.—The Higher Education Act of
12 1965 is amended—

13 (1) in section 356(b)(2) (20 U.S.C. 10696(b)),
14 by striking “II,”;

15 (2) in section 453(c)(2) (20 U.S.C.
16 1087c(c)(2))—

17 (A) by striking subparagraph (E); and

18 (B) by redesignating subparagraphs (F)
19 through (H) as subparagraphs (E) through (G),
20 respectively;

21 (3) in section 487(a)(3) (20 U.S.C.
22 1094(a)(3)), by striking subparagraph (B) and re-
23 designating subparagraphs (C) and (D) as subpara-
24 graphs (B) and (C), respectively;

1 (4) in section 487(a)(15) (20 U.S.C.
2 1094(a)(15)), by striking “the Secretary of Veterans
3 Affairs, and State review entities under subpart 1 of
4 part H” and inserting “and the Secretary of Veter-
5 ans Affairs”;

6 (5) in section 487(a)(21) (20 U.S.C.
7 1094(a)(21)), by striking “, State postsecondary re-
8 view entities,”;

9 (6) in section 487(c)(1)(A)(i) (20 U.S.C.
10 1094(c)(1)(A)(i)), by striking “State agencies, and
11 the State review entities referred to in subpart 1 of
12 part H” and inserting “and State agencies”;

13 (7) in section 487(c)(4) (20 U.S.C. 1094(c)(4)),
14 by striking “, after consultation with each State re-
15 view entity designated under subpart 1 of part H,”;

16 (8) in section 487(c)(5) (20 U.S.C. 1094(c)(5)),
17 by striking “State review entities designated under
18 subpart 1 of part H,”;

19 (9) in section 496(a)(7) (20 U.S.C.
20 1099b(a)(7)), by striking “and the appropriate State
21 postsecondary review entity”;

22 (10) in section 496(a)(8) (20 U.S.C.
23 1099b(a)(8)), by striking “and the State postsecond-
24 ary review entity of the State in which the institu-
25 tion of higher education is located”;

1 (11) in section 498(g)(2) (20 U.S.C.
2 1099c(g)(2)), by striking everything after the first
3 sentence;

4 (12) in section 498A(a)(2)(D) (20 U.S.C.
5 1099c-1(a)(2)(D)), by striking “by the appropriate
6 State postsecondary review entity designated under
7 subpart 1 of this part or”;

8 (13) in section 498A(a)(2) (20 U.S.C. 1099c-
9 1(a)(2))—

10 (A) by inserting “and” after the semicolon
11 at the end of subparagraph (E);

12 (B) by striking subparagraph (F); and

13 (C) by redesignating subparagraph (G) as
14 subparagraph (F); and

15 (14) in section 498A(a)(3) (20 U.S.C. 1099c-
16 1(a)(3))—

17 (A) by inserting “and” after the semicolon
18 at the end of subparagraph (C);

19 (B) by striking “; and” at the end of sub-
20 paragraph (D) and inserting a period; and

21 (C) by striking subparagraph (E).

Passed the House of Representatives September 24,
1996.

Attest:

ROBIN H. CARLE,

Clerk.